C2710-2

Pensions & Investment Age

®

Entire contents copyright 1986 by Crain Communications Inc. All rights reserved

The newspaper of corporate and institutional investing • $4.00 an issue • $80 a year • November 10, 1986

Pentagon to share in surpluses

By Barry B. Burr

The Department of Defense is mounting a sweeping effort to share in reversions when contractors terminate pension plans.

Agreements from about 312 major contractors are being solicited, but a total of 13,000 contractors could be affected.

Rules adopted by the Defense Department likely also would apply to contracts with all other executive departments of the U.S. government.

Already, Defense Department officials have negotiated a settlement with FMC Corp., Chicago, for a share of its pending reversion of approximately $400 million to $500 million.

The department is trying to reach a settlement with Fairchild Industries Inc., Chantilly, Va., on its $48 million reversion.

During the past year, Defense Department officials have talked to executives at about six other contractors about turning over a share of the surplus assets in terminated plans.

Aside from these negotiations, the Defense Department recently began issuing notices seeking a general "advance agreement" on terminations from its contractors. Contractors are to agree that in the event of a termination of an overfunded plan, they will share the reversion with the department.

At the same time, the Defense Department is seeking an advance agreement from contractors on full-funded limitation status. Under it, the department would cut pension contributions for newly negotiated contracts, and would seek reimbursement from contractors for contributions made to plans after they are fully funded on an ongoing basis.

Also, the Defense Department is examining the effects on its costs of Financial Accounting Standards Board Statement 87, the pension accounting rule for corporations, *in some cases seeking credits for* pension contributions.

Representatives of two contractors — Texas Instruments Inc. and a unit of Allied-Signal Inc. — are objecting to the requirements.

"We think it's grossly unfair," said Gary W. Hill, manager-office of government affairs at Texas Instruments, Dallas.

"They have sent those to us and have asked us to sign them," Mr. Hill said. "We refused. We already informed them we won't sign the agreements.

"Upon termination of a pension plan, the U.S. government has no vested right over the disposal of assets and liabilities," Mr. Hill said. On the funding issue, he said, "They're taking an overly simplistic view of what is the definition of full funding."

He said Texas Instruments isn't planning any termination. Information was unavailable on its status on full-funded limitation.

Mr. Hill, who is also chairman of the procurement committee of the National Security Industrial Association, said the agreements would be discussed at the association's meeting Nov. 12 in Washington. Some 400 defense contractors belong to the association.

Texas Instruments reported that for the third quarter, it reduced pension costs almost $12 million as a result of adopting FASB 87. The drop was a significant reason the giant electronics and defense firm returned to profitability, other TI officials said.

Irene Leary, senior pension analyst at TI, said the adoption of the new accounting rule resulted in calculated pension expenses drastically lower than in previous periods.

According to TI, pension expense was $4 million in the third quarter of 1986, down from $15.9 million in the third quarter of

Continued on page 98

Inside:

CASH MANAGEMENT: Banks could end up charging corporate clients for daylight overdrafts — when one bank makes wire payments for more money than it has received. And that has cash managers fighting mad — page 25.

THE COMMON FUND: After 15 years of good performance, the Common Fund is not resting on its laurels. "There are still a lot of challenges," said its chief executive, George F. Keane, right — page 31.

CORPORATE FINANCE: Mortgage-backed securities could take on a whole new look after the tax law is digested. There's already talk about such securities with stripped coupons and deferred premiums — page 33.

CONSULTANTS DIRECTORY: Pension fund consultants may find their roles changing dramatically in the next few years. Some are seeking to broaden their services, and several observers predict a reshuffling similar to that under way among money managers — page 39.

moving
pension
ex futures

STATLER PI 8623399 99
STATISTICAL REFERENCE INDEX
4520 EAST-WEST HWY SU 800
BETHESDA MD 20814
**********5-DIGIT 20814
KK2

Investors nix partnership plan

Pension funds vetoed deal because of tax liabilities

By Brad Rudin

Institutional investors concerned with tax liabilities for pension funds were the driving force behind Community Psychiatric Centers' failure to reorganize as a master limited partnership.

This should send warning signals to corporations contemplating similar moves, Wall Street experts said.

While the change to a master limited partnership provides a boon to a company because it eliminates corporate-level taxation, the conversion worries tax-exempt institutions because dividend payments to them are taxable as unrelated business income.

Faced with the prospect of paying federal income taxes, many tax-exempt institutional investors said, "Oh my gosh, we're going to pay taxes, that's not what we're in business for," said Ned Oelsner, a managing director at Dean Witter Reynolds Inc., which served as CPC's adviser.

On reflection, however, institutional investors may say, "Net net the value and even the cash we are getting is more after we pay tax than what we had before," Mr. Oelsner said.

But interviews with pension fund executives and others prove tax-exempt institutions don't view master limited partnerships as attractive investments.

"What's supposed to be good isn't that good," said Robert N. Gordon, president of Twenty-First Securities Corp., New York.

J.P. Morgan & Co., which owned 10% of CPC's shares as of June 30, reportedly threw its weight against the corporation's plan to reorganize as a master limited partnership.

A Morgan spokesman declined to comment specifically on this point, but observed: "As institutional investors, we do make our views known to companies we invest in on occasion, always in the framework of the benefit for whom we are investors."

Other institutional investors include INVESCO Capital Management Inc., Atlanta and Sears Asset Management, Chicago.

Community Psychiatric Centers, a Santa Ana, Calif.-based operator of psychiatric hospitals and dialysis centers, announced the reorganization plan Oct. 8. The corporation, citing opposition from tax-exempt investors, withdrew the plan Oct. 29.

Stockholders were offered one unit in the partnership for each share of CPC stock. Each unit would have been sold for a maximum price of $32.375, the same as

Continued on page 98

New Senate may look at reversions issue

By Joel Chernoff

WASHINGTON — The Democrats' capture of control of the Senate may lead Congress to rein in employers' ability to take out surplus assets from their overfunded pension plans.

"I would think we're going to see legislation that will seriously put the screws on that," said Stuart Brahs, executive director of the Association of Private Pension and Welfare Plans, a Washington-based trade group.

"We will certainly have our work cut out for us," said Vicki Caldeira, assistant director for employee benefits at the National Association of Manufacturers, Washington.

In the election, Democrats gained eight Senate seats to take a 55 to 45 majority. A Democrat-dominated Congress may mean yet-harsher burdens for employers, who have been pummeled in numerous tax and pension bills in recent years.

"I don't think (the election is) good news but one should not

Continued on page 98

Sen. Howard Metzenbaum, D-Ohio, who led the attack on corporations terminating overfunded plans, could have more influence this coming session.

2 RCA execs leave; GE staff to manage fund

By Marlene Givant

NEW YORK — Two RCA Corp. financial executives have resigned, and the $3.5 billion pension fund will be internally managed by the investment staff of General Electric Co., Fairfield, Conn., RCA's new owner.

Brian J. Heidtke, formerly vice president and treasurer, and Pam McCann, formerly staff vice president and assistant treasurer — have resigned from New York-based RCA.

Mr. Heidtke has joined Colgate-Palmolive Co., New York, as vice president and treasurer, succeeding Thomas J. Volpe, who joined The Interpublic Group of Companies, New York, earlier this year.

He had been with RCA for 10 years, serving as vice president and treasurer for one.

Ms. McCann, who was in charge of the pension fund and investor relations at RCA for three years, plans to join Syrus Associates, a New York-based firm providing marketing consulting to money managers, in early January.

Now that the two have left, "we're bringing (the pension fund) in-house," said Dennis D. Dammerman, GE's chief financial officer and senior vice president-finance.

The internal team headed by Dale F. Frey, vice president-investments, will manage $26 billion in RCA and GE pension assets, Mr. Dammerman said.

Many RCA executives have departed since the acquisition in June because their duties overlapped with those of GE executives. Neither Mr. Heidtke nor Ms. McCann is expected to be replaced.

John A. Rolls, RCA's former chief financial officer and senior vice president-finance, left in July to become executive vice president and chief financial officer of United Technologies Corp., Hartford, Conn.

"With all the changes going on I don't think my leaving was any great surprise to RCA," said Ms. McCann.

She believes her new position will round out her experience in the field.

"I had a strong feeling that going to Syrus gives me an opportunity to do kind of a third leg of the stool — to broaden my own background within the industry," she said. Ms. McCann will be a partner in the 11-year-old firm.

Prior to joining RCA, she was director of pension investments at NL Industries Inc., a New York-based chemical, metals and oil and gas company.

Previously, she spent two years as a selection consultant for the consulting group of Chemical Bank, New York.

"(The Syrus position) is much more on the sell side than I've ever been. I think I'm going to enjoy it," she added.

Jettie Edwards, formerly an investment management consultant with Buck Pension Fund Services, New York, also will join the Syrus team.

In another corporate move, David Prince, manager of trust assets for BellSouth Corp., Atlanta, has joined The Southern Co., Atlanta, as assistant treasurer and manager of short-term finance and investment fund analysis.

Mr. Prince, was manager of trust assets at BellSouth for 1½ years.

Among his new responsibilities will be management of the $1.6 billion pension trust and $500 million savings plan.

Mr. Prince said he changed companies because it was a step up.

"I was not in any way dissatisfied (at BellSouth). This was just an opportunity that just came along . . . This is a promotion for me," he said.

He has not yet been replaced. ■

NYC continuing revamp

17 hired to handle $8 billion fixed-income sector

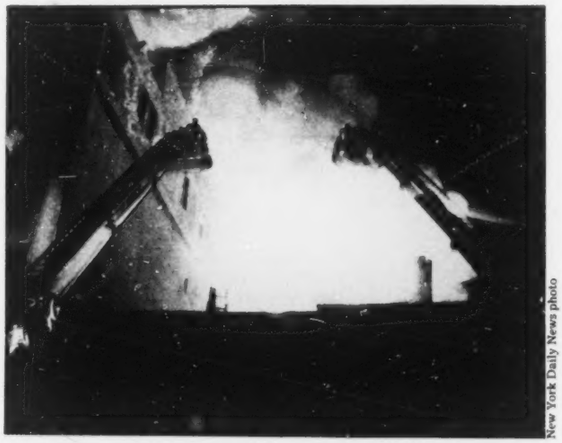
By John Covaleski

NEW YORK — New York City pension officials are nearly finished restructuring the fund's $17.1 billion fixed-income portfolios, hiring 17 managers for $8.21 billion.

New managers for the New York City Fire Department Pension Fund and New York City Employees' Retirement System funds were given specific market sectors in which to invest, tight controls over weightings within the sectors and incentive fees for performance that betters the baseline performance of their specific sectors.

All but $400 million of the $17.1 billion slated for fixed-income restructuring has been redistributed since summer. The remainder is in the New York City Board of Education Pension Fund, and is expected to be redistributed within a month.

The major victim of the restructuring was Citicorp Investment Management Inc., New York, which managed $10.2 billion for the city funds in June and lost all but $290 million it manages for the board of education fund.



New York Daily News photo

City officials rejected Citicorp's bids to manage assets for the firefighters' and employees' funds.

Marvin Damsma, third deputy controller for the city, said Citicorp performed well, but "didn't match the bid presentations" of the other candidates."

He declined to comment on speculation that Citicorp's ouster was connected to its investments in South Africa.

He noted Citicorp achieved a compound annual return of 19.2% for the city funds for the five years ended Dec. 31, com-

Continued on page 101

SEI, other universes disagree on median

By Fred Williams

Median equity returns from SEI Funds Evaluation Services are at odds — by as much as 400 basis points — with the median returns from other monitoring companies, apparently because the SEI numbers exclude cash and are based on only a fraction of the SEI universe.

Generally, SEI's returns are higher than those of other performance universes in rising markets — when a portfolio without cash would do best — and lower than others in down markets — when a portfolio with cash would do best.

In 1985, for example, the median SEI portfolio returned 32.9%, well above the 29.6% average for five other major equity indexes. The medians for other indexes for the year ended Dec. 31 were: CDA Investment Technologies Inc., 28.5%; Pensions & Investments' Performance Evaluation Report, 29.1%; Trust Universe Comparison Service, 31.4%; Frank Russell Co., 29.3%; and INDATA, a service of Gordon, Haskett & Co., 29.5%.

The median SEI portfolio would have placed in the upper quartile of several of the other indexes for the year. The upper quartile cutoff for the CDA universe was 31.8%; PIPER, 32.5%; Frank Russell, 32.2%; and INDATA, 32.5%.

For the first nine months of 1986, the SEI median portfolio has been up 12.8%, vs. 10.2% for CDA; 11.9% for PIPER; 12.4% for TUCS; 11.9% for Russell; and 11.6% for INDATA.

In the third quarter, when cash fared better than stocks, the SEI median was down-8.1%, compared with an average decline of 7.07% for the median portfolio of the other five indexes examined.

Keith McDowell, SEI vice president of marketing services, said SEI's exclusion of cash could account for the differences.

"I don't have any easy answers," Mr. McDowell said. "Most of the others don't have equity-only and have some cash built in there. It is my strong suspicion that there is cash in their funds."

Cash is included in PIPER's, Russell's and INDATA's numbers, and minimally (less than 5%) in CDA's. TUCS' numbers exclude cash.

In addition to segregating cash, SEI's median likely is skewed because it is based on statistics from only 300 portfolios of a 2,500-portfolio universe. Industry observers also say the 300 used are the first 300 to report their re-

Continued on page 102

Northern's RCB buy scotched over price

By Trudy Ring

Disagreement over price may have been what scotched the proposed sale of Rogers, Casey & Barksdale Inc., Stamford, Conn., to Northern Trust Corp., Chicago, industry sources said.

Opposition by RCB's clients may have been another factor, sources said, although some clients disputed that. Publicity about the deal also may have contributed to its demise.

Northern Trust officials issued a terse statement Oct. 29 saying discussions concerning the possible acquisition had been discontinued. "The termination was amicable, and the parties will continue their other business relationships as in the past," the statement said.

Northern Trust officials declined to elaborate on the statement, while RCB officials did not respond to requests for comment.

But some consultants, money managers and pension fund executives said price may have been the key sticking point. In general, the sources asked not to be named, and no price was given.

"I heard the price was pretty steep," one consultant said. "RCB really wanted a lot of money."

"What they were expecting dollar wise was significant," another consultant said.

Other sources added the acquisition talks seemed to be moving along smoothly and that price appeared to be the only factor that could have caused the deal to fall apart.

In general, a consulting firm's annual revenue is considered a fair sale price, one source said. This may be adjusted, however, to reflect the firm's cash flow and expected profitability.

But a source said RCB could be considered part investment management firm because it acts as a "manager of managers" for some clients. Purchase prices for investment management firms are

Continued on page 102

Highlights

CASH MANAGEMENT
Corporations seek cost cuts 25
Cash accounts 25

CONSULTANTS DIRECTORY
Role in fees expands 39
Russell, Wilshire top most-used list 39
Profiles begin 42

CORPORATE FINANCE
Reform seen altering leasing use 33
Corporate note 36
Large firms, banks join for financings 37

FUTURES & OPTIONS
Insurance use is going global 77
Notes 77

PIPER
Few funds top S&P 500 65
Going long pays off for bond funds 65

REAL ESTATE
GM sells share in mall 15
California branches into timber 15
DOL settles loan rate suit 16

GENERAL NEWS
Plan assets regulation eased 4
Ford looks to launch more book-entry debt 6
Blue Cross may buy municipals 8
No need to fear FASB 87 30

DEPARTMENTS
Book review 95
Datebook 62
Late news 102
Letters 12
Market beat 82
Money movers 96
News briefs 60
Opinion 12
People 86
Research report 88
Washington notebook 75

Vol. 14, No. 24 — Pensions & Investment Age (ISSN 0273-5466) is published every other Monday at 740 Rush St., Chicago, Ill. 60611. Second class postage paid at Chicago, Ill. and at additional mailing offices. Postmaster: Send address changes to Pensions & Investment Age, Circulation Dept. 965 E. Jefferson, Detroit, Mich. 48207. Copyright 1986.

Opinion

Divestiture to get needed test

THE QUESTION OF WHETHER divestiture of the stocks of companies doing business in South Africa from pension funds breaches a trustee's fiduciary duty is apparently to receive a court test.

The trustees of the Baltimore Employees' Retirement System will file a test case in Baltimore Circuit Court testing a city ordinance that requires divestiture of South Africa-related securities because they believe the ordinance conflicts with their fiduciary duties.

Baltimore's Board of Estimates, which could have blocked the suit, is to be commended for allowing it to proceed. The matter needs an airing in court and should have been tested in court when the divestiture movement first gathered speed.

Unfortunately, until now no trustees have felt compelled to test the matter, although trustees in California were concerned enough about the legality of divestiture to seek indemnification from the Legislature to protect themselves.

And beneficiaries and taxpayers, who might ultimately bear any additional costs of divestiture, have largely been unaware of their exposure.

We hope the court will settle two questions:

- Whether trustees can use the assets of a pension fund to achieve some end unconnected with the welfare of the beneficiaries for whom they are overseeing the trust, even if it may inflict some costs on those beneficiaries in the long run.

If the court rules in the affirmative, it should give guidance as to what ends are of sufficient import to allow actions such as divestiture.

- Whether the federal legislation applying sanctions on South Africa pre-empts state and local actions requiring divestiture.

Some legal authorities have argued the divestiture movement pushes state and local governments into foreign affairs, a province of the federal government.

These issues need to be settled, and a court ruling can settle them.

Sherwin-Williams decision sensible

THE DEPARTMENT OF LABOR has approved a corporation's request for a loan from its overfunded pension fund, even though such loans are prohibited transactions.

It allowed Sherwin-Williams Co. to borrow up to $65 million from its plans.

The decision to grant an exemption to the prohibited transactions rules is a sensible one because it offers an alternative to corporations that wish to gain access to surplus pension assets but that are reluctant to terminate the pension plan.

Normally, loans to pension sponsors from their funds are to be opposed because they may weaken the security of the pension benefits. If the pension sponsor should fail, a significant part of the assets backing the pension benefits might be worthless. This was the reason the prohibited transactions section was written into the Employee Retirement Income Security Act.

The problem does not apply in the Sherwin-Williams case, however, because the Sherwin-Williams plan is overfunded and because the Labor Department imposed strict conditions on the loan.

First, the loan must be secured by unencumbered collateral. Second, an independent fiduciary will oversee the loan. Third, a market rate of interest must be paid for the loan.

As a result of the Labor Department decision, Sherwin-Williams has apparently decided not to terminate its pension plans to recapture the surplus assets.

But for the department's pragmatism, and Sherwin-Williams' management's willingness to settle for less than the entire pension surplus, another large pension plan would have been terminated, with a consequent weakening of the private defined benefit pension system.

Letters to the editor

Info not withheld

To the Editor: Both the headline and body of your article "PBGC holds back on data" (*Pensions & Investment Age*, Sept. 29, p. 64) leave the reader with the impression that the Pension Benefit Guaranty Corp. withholds information under the Freedom of Information Act to a much larger degree than other government agencies. When the facts are examined, they show the opposite.

I refer you to Access Reports Freedom of Information, (Vol. 12, No. 18, Sept. 10, 1986, p. 4) which compares 1985 FOIA annual reports from more than 75 agencies.

The PBGC received more than 1,000 FOIA requests during 1985 and had only TWO APPEALS. This in itself shows that requesters have a high degree of acceptance of our FOIA determinations. Moreover, PBGC's "percentage of requests denied" is only 7.4%. Only eight of the agencies listed had a lower percentage of requests denied.

The conclusion that PBGC as a practice withholds data under FOIA is unfounded.

Having only two appeals of its decisions shows the PBGC is making correct determinations under FOIA. Appeals are rarely needed because the requested records are being disclosed up-front. In the relatively few cases in which requests are denied, there is no need to appeal, because the determinations are accurate and sound.

Judith E. Beckelman
Director
PBGC Communications
& Public Affairs Department
Washington

Editor's note: The article was misleading.

401(k) boom on

To the Editor: Regarding the *Pensions & Investment Age*, Sept. 29 story: "Bill to reshape benefits — Defined contribution plans will change, but won't die," the congressional passage of the tax reform bill has driven interest in 401(k) plans to a fevered pitch. This seems to be quite contrary to the points made in your recent article.

Our client and prospect activity has never been greater for 401(k) plans. It seems that employers are responding to employee demand that a 401(k) plan be implemented so that they may save on the most favorable basis for retirement.

Employed Americans want to replace their IRAs and defer taxes . . . 401(k) is their employer-sponsored alternative. The tax bill may want to break Americans of their habit of deferring taxes, but I am sure that old habits are hard to break.

Joseph J. Masterson
The Mutual Insurance Co.
of New York
Purchase, N.Y.

Profile corrected

To the Editor: The First National Bank of Boston would like to correct a mistake made on a figure sent to *Pensions & Investment Age*, which was published in the September 1986 real estate directory.

As of June 30, 1986, the book value, in equity, should be changed from $168.9 million to $131.9 million, resulting in a total book value of $181.8 million, with a total present market value of $201.6 million.

Kathryn J. Kelterer
Real estate marketing assistant
Bank of Boston
Boston

Funding data flawed

To the Editor: Your article on the funding levels of state retirement systems ("Plans find ways to bolster funding") in the Oct. 13 issue provided an interesting and useful overview of the funding of state retirement systems.

The article used the funding ratio, or ratio of assets to accrued liabilities, as the measure of funding level. The funded ratio is just one very rough measure of the financial status of a retirement system. Focusing on the funded ratio by itself can lead to misleading conclusions. The article states that the funding ratios have increased because of diminishing unfunded liabilities.

Actually, it is possible for the funding ratio to increase from one year to another, even though the dollar amount of unfunded liability may have increased during the same period.

For example, according to a recent study of the financial condition of public retirement systems in Illinois, the aggregate funding ratio for all the public retirement systems in the state increased from 53.2% to 56.3% during the most recent year, even though the aggregate unfunded liability increased by approximately $30 million.

Thus, in order to provide a more complete picture of funding progress, it would have been useful to show the change in the unfunded liability during the most recent year, in addition to the funding ratio.

The article did not indicate what actuarial cost methods were used in determining accrued liabilities for the various retirement systems. Because of possible differences in actuarial cost methods among the retirement systems, the funding ratios shown for the various systems may not be directly comparable.

Under a statement that will be released very shortly by the Governmental Accounting Standards Board, public retirement systems will be required to report their liabilities, using a standardized actuarial cost method, known as the projected unit credit cost method. I would therefore suggest that in future surveys of this type, the liabilities of the various systems be reported using the projected unit credit cost method in order to provide comparable information.

Sandor Goldstein
Consulting actuary
S. Goldstein and Associates
Chicago

Pensions & Investment Age

EDITOR:
Michael J. Clowes (New York)

MANAGING EDITOR:
Nancy E. Webman (Chicago)

ASSISTANT MANAGING EDITOR:
Elizabeth Kaiser (Chicago)

N.Y. BUREAU CHIEF:
Joel Chernoff

ASSOCIATE EDITORS:
Barry B. Burr (Chicago)
Marci Baker (New York)
Steve Hammerick (Los Angeles)

WASHINGTON EDITOR:
Richard J. Gillespie

STAFF REPORTERS:
John Cowinski (New York)
Marlene Givant (New York)
Marcia Parker (New York)
Chuck Pounties (Chicago)
Trudy Ring (Chicago)
Brad Rudin (New York)
Fred Williams (Dallas)

COPY EDITOR:
Joanne Friedrick

DIRECTORY COORDINATOR:
Carol Wiley

EDITORIAL PRODUCTION:
Kristine M. Schramm (Manager)
Thomas J. Linden (Asst. Manager)

EDITORIAL ASSISTANT:
Arline Loewen (Chicago)

PUBLISHER:
William T. Bluss Jr. (New York)

ADVERTISING SALES DIRECTOR:
Daniel S. Dant (New York)

ADVERTISING SALES STAFF:
(New York): Sarah Michele Strader (Eastern Adv. Mgr.), Yvonne P. Hobson, Jane Howell, Richard Tittle (Atlantic Mgr.)

(Chicago): Russ H. Hoeber (Midwest Mgr.) Michael McEvily

Pattis Group, Alan Lilburn, 1900 N. Highland, Hollywood, Calif. 90028 (213/462-2700)

PROMOTION DEPARTMENT:
Julie Hunt (Director)
Louise Simonit (Manager)

CLASSIFIED SALES:
Andrew Cullin 212/210-0204 (New York)

CLASSIFIED PRODUCTION:
Jackie Henderson 313/649-5398 (Chicago)

REPRINT MANAGER & EDITORIAL INDEX SUBSCRIPTIONS:
Ulla Rodrigue 212/210-0124

ADVERTISING PRODUCTION MGR.
Kelly Knight (Chicago)

ASSISTANTS TO SALES STAFF:
Susan Mastagerio (New York)
Kasia Simonetis (New York)

CIRCULATION DEPARTMENT:
Barbara Kinch (Manager) 313/446-0475
(PIPER subscriptions) 313/446-0470
Patricia McMillel
(Subscription fulfillment) 313/446-0421
Carolyn L. Vincent
(Back copy sales) 313/446-1600

PUBLISHING DIRECTOR:
Stephen D. Gillmore

CRAIN COMMUNICATIONS INC., publisher of Advertising Age, Automotive News, Art'n'Work, Business Insurance, Business Marketing, City & State, Crain's Chicago Business, Crain's Cleveland Business, Electronic Media, Modern Healthcare and Monthly Detroit.

G.D. Crain Jr., founder (1885-1973)
Mrs. G.D. Crain, chairman
Keith E. Crain, vice-chairman
R.R. Bernardin, chairman/exec. committee
Rance Crain, president/editorial director
Mary K. Crain, treasurer
Merrilee P. Crain, secretary
Will. J. Keenan, senior vp/operations
R.L. Simcmann, corporate editor
Allen Steloff, corp. marketing manager
Joe Furst, corporate art director

Published every other week by Crain Communications, Inc. Offices at 220 E. 42nd St., New York 10017 (212/210-0100); 740 Rush St., Chicago 60611 (312/649-5200); 814 National Press Bldg., Washington, D.C. 20045 (202/662-7200); 6404 Wilshire Blvd., Los Angeles 90048 (213/651-5710); 1 NorthPark East, Suite 114, 8080 N. Central Expwy., Dallas 75231 (214/696-0940).

$4.00 an issue, $90 a year in the U.S. Add $35 per year for air delivery to Europe and Middle East. Add $30 per year for surface mail to all other foreign countries. Add $50 for air delivery in U.S. and Canada.

WILLIAM STROPP, vp-circulation.
JOHN HUFFMAN, assistant director. Four weeks notice required for change of address. Address all subscription correspondence to Pensions & Investment Age, 220 Jefferson, Detroit, Mich. 48207. Telex number: 23-6340. Cable address: CRAINCOM. Microfilm copies are available from University Microfilms, 300 N. Zeeb Rd., Ann Arbor, Mich. 48106. Microfiche copies are available from Bell & Howell, Micro Photo Division, Old Mansfield Rd., Wooster, Oh. 44691.

Member of Business Publications Audit of Circulation

ABP BPA

PIPER

The statistical data are extracted from Pensions & Investments' Performance Evaluation Report, a quarterly performance evaluation published by Pensions & Investment Age. *PIPER details comparative performance data on equity and fixed-income funds at more than 200 banks and insurance companies. PIPER is compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn.*

Few funds top S&P 500 return

By Brian Lehrer

A host of different strategies produced impressive results for selected bank and insurance company equity funds in Pensions and Investments' Performance Evaluation Report for periods ended Sept. 30.

Although some funds posted sterling returns, fewer than one-third managed to outperform the Standard & Poor's 500 stock index in any time period except the quarter.

The median PIPER fund returned −7.3% in the third quarter, compared with −7% for the index. For the 12 months ended Sept. 30, the median fund returned 29.1%, while the index returned 31.8%.

For the three years ended Sept. 30, the median fund had a compound annual return of 14.3%, and the index, 16.5%. Annualized return figures for the latest five years were 18.8% for the median fund and 20.2% for the index; for the 10-year period they were 13% for the median fund and 13.6% for the index.

First Interstate Bank of Nevada, Reno, was the quarter's champion, with a return of 4.2%.

Robert Lee, vice president, said he uses an "aggressive" market-timing approach for the $15 million fund.

"We recognize cyclical bear markets and anticipate these circumstances to raise cash in our portfolio to avoid losses," he said.

The portfolio now is 100% in cash, primarily in U.S. Treasury bills. At the outset of the quarter, 20% was concentrated in gold and electric utility stocks, which was liquidated as the market fell.

"It will be several months before we are buyers," Mr. Lee predicted.

First Interstate fell below the S&P 500 over the five-year period, with a return of 13.7%, the three-year period, 23.5%, and the one-year period, with a return of 26%. Over the 10-year period its return was 16.2%, above the S&P 500.

Bank of the West, San Jose, Calif., was one of the top performers in the PIPER survey. Its equity fund was among the top three for the three-year period, with 23.5%, and the one-year period, with 45.7%.

It ranked in the top 10% for the quarter — with a −0.4% return — and the five-year period — with a 23.7% annua-

Continued on page 72

Banks' bond mix differs

Going long puts 3 ahead

By Marcia Parker

The managers of three top performing bank and insurance company commingled fixed-income funds for periods ended Sept. 30 all banked on a strategy — going long — that paid off.

Leading the way during the one-, three-, five- and 10-year periods was United Bank of Denver's bond fund, which outperformed more than 200 pooled fixed-income funds in Pensions & Investments' Performance Evaluation Report.

Two other repeat top performers joined United in the one-, three- and five-year periods ended Sept. 30. In all three periods, Centerre Trust Co., St. Louis, ranked second and First Interstate Bank of Denver came in third.

The percentage mix of corporate and government bonds differed for the three top performers, but all went with longer maturities.

United of Denver, which is very heavily weighted in government bonds, has an average life of nine years. First Interstate, which emphasizes corporate bonds, went with longer maturities of about 17 years. Centerre, which is overweighted with government and agency bonds, has the longest average maturity at 18.3 years.

W. Lon Schreur, president of United Capital Management, the division of United Bank of Denver that manages the bond fund, attributed the strong performance to "having one of the longer average life bond portfolios in the country."

The fund, with $30 million in assets, is 85% invested in government bonds and 15% in corporate. Mr. Schreur said the average maturity is being shortened; by spring, it should be closer to five or six years than the current nine. In the near term, Mr. Schreur said, the fund would remain heavily weighted with government bonds.

For the 10-year period, the fund's compound annual return was 13.1%, compared with 10.8% for the Shearson Lehman Government/Corporate bond index.

Its five-year compound annual return was 25.1%, compared with 16.2% for the index. The three-year compound annual return was 22.7%, compared with 15% for the index. The return for the 12 months ended Sept. 30 was 33.7%, compared with 19.2% for the index.

For the quarter, when the fund was ranked in the fifth decile, the return was 2.2%, compared with 3% for the index. Mr. Schreur said that during the quarter, the long average life hurt the fund "a little," but he didn't elaborate.

Centerre Trust employs a strategy focusing on interest rate anticipation. With $80 million in assets, the fund is about 64% invested in government securities and 36% in corporate bonds that have an average rating of AA. The average maturity — 18.3 years — is expected to remain unchanged.

"We are succeeding because we have consistently had the same investment policy in place for 14 years," said Dick Hibbs, vice president of marketing at Centerre.

For the one-year period, the fund returned 33%, compared with 20.7% for the Shearson Lehman index; for three years, a compound annual 21.1% compared with 16.7% for the index; and for five years, an annualized 24.7% compared with 19.6%.

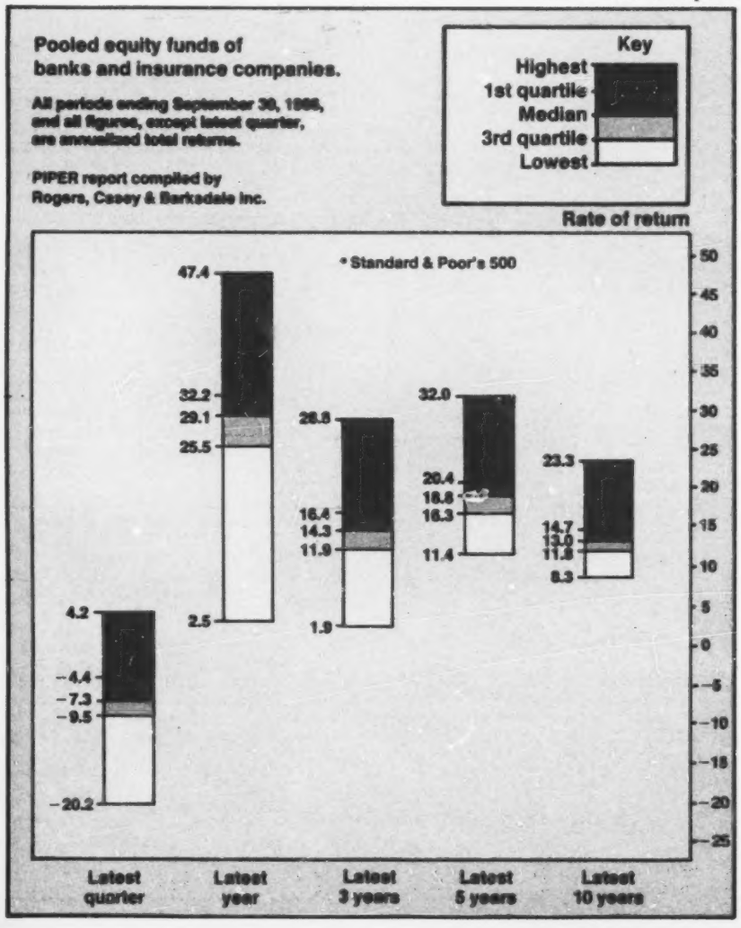
For the 10-year period, Centerre's fund ranked fifth, with a 12.8% compound annual return, compared with 10.7% for the index.

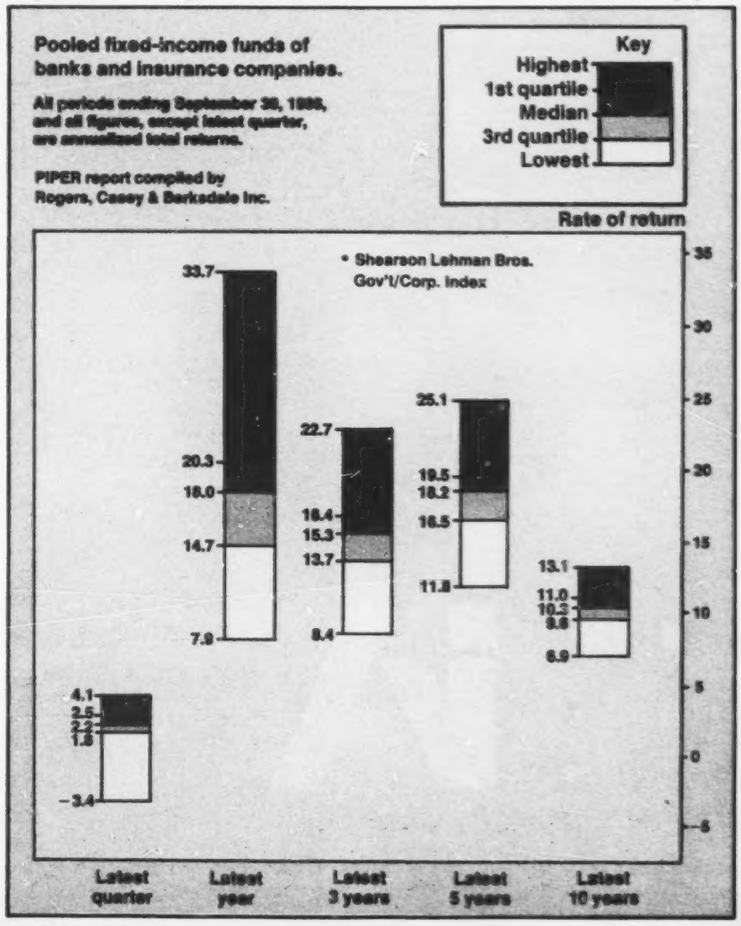
In the quarter, it returned 2%, ranking in the seventh decile.

With assets of $64 million at the end of the third quarter, First Interstate's long bond fund is invested about 60% in U.S. corporate funds and 40% in government and agency bonds.

John R. Cormey, vice president of Denver Investment Advisors, which manages the Common Trust I fund for First Interstate Bank of Denver, said the firm's approach is to look at the fixed-income market as two separate

Continued on page 73





Top quarterly commingled fixed-income funds

3-month returns

	%
Exchange National Bank, Ill.	4.1
Wellington Trust (Mtg.), Mass.	4.0
New York Life Ins. (4), N.Y.	3.8
Ouachita National, La.	3.7
IAA Trust Co. (B), Ill.	3.6
Chase Manhattan (Mtg.), N.Y.	3.6
Seafirst Bank, Wash.	3.3
First of Neenah (Interm.), Wis.	3.2
Norwest Bank, Minn.	3.1
Mercantile Safe, Md.	3.1
Midlantic National, N.J.	3.1
Toledo Trust, Ohio	3.0
Hawaiian Trust	3.0
Texas Commerce (Low. vol.)	3.0
New England Mutual, Mass.	3.0
Chase Manhattan (Short-interm.)	3.0
Harris Trust (Gain), Ill.	2.9
Mercantile Safe (Interm.), Md.	2.9
Wellington Trust (Long), Mass.	2.9
Wilmington Trust, Del.	2.9
Irving Trust, N.Y.	2.9
Northern Trust, Ill.	2.9
Confederation Life (Amer.), Ont.	2.9
MBank Austin, Texas	2.9
New Jersey National	2.9
State Street Bank, Mass.	2.8
First of Penna, Erie	2.8
Mid-State Bancorp, Pa.	2.8
First City Natl., Houston	2.7
First Variable Life, Ark.	2.7
Bankers Trust (A), N.Y.	2.7
AmeriTrust (Reserve), Ohio	2.7
Comerica Bank (Interm.), Mich.	2.7
Union Trust Baltimore (Short), Md.	2.7
Shawmut Bank (Interm.), Mass.	2.7
First Citizens (Income), N.C.	2.7
Mercantile Natl., Ind.	2.7
MTrust, Texas	2.7
Liberty National, Ky.	2.6
Comerica Bank, Mich.	2.6
Jefferson Trust (CT EB), Ill.	2.6
First Interstate of Wash.	2.6
First Tennessee Memphis	2.6
Mercantile Bank, Mo.	2.6
Dauphin Deposit (Corp. EB), Pa.	2.6
Continental Bancorp, Pa.	2.6
Commonwealth Natl. (D), Pa.	2.6
Valley Fidelity (EB), Tenn.	2.6
LaSalle National (Interm.), Ill.	2.6
First Natl., Jackson, Miss.	2.6
First in Wichita, Kan.	2.6
Chase Manhattan (Interm.), N.Y.	2.6
First Bank Milwaukee, Wis.	2.6
Chemical Bank (2), N.Y.	2.6
Pioneer Bank, Ill.	2.6
Citizens Fidelity, Ky.	2.6
Old Second Natl. (EB), Ill.	2.6
Citytrust (E3), Conn.	2.5
Chase Manhattan (A), N.Y.	2.5
Michigan Natl. of Detroit	2.5
Connecticut Bank & Trust (EB)	2.5
Wachovia Bank, N.C.	2.5
First Wis. Trust (Pass. interm.)	2.5
Society National, Ohio	2.5
Greeley National, Colo.	2.5
Prudential (VCA 8), N.J.	2.5
Boatmen's National, Mo.	2.5
Liberty National, Okla.	2.5
United Mercantile (A), Calif.	2.5
American Fletcher (Interm.), Ind.	2.5
Massachusetts Mutual	2.5
CIGNA Corp. (Interm.), Conn.	2.5
First of Chicago, Ill.	2.5
First of Boston (Interm.)	2.5
First Wisconsin Trust (Interm.)	2.5
C&S Trust Florida (EB)	2.5
Manufacturers Detroit (H)	2.5
SLGC	**2.0**
Salomon Broad	**1.0**

1-year returns

	%
United of Denver, Colo.	33.7
Centerre Trust, Mo.	33.0
First Interstate of Denver	30.6
Chase Manhattan (Long term)	30.2
Manufacturers Life, Ont.	29.7
Equitable Life (5), N.Y.	29.0
Hawaiian Trust	27.9
LaSalle Natl. (Long term), Ill.	27.7
Travelers (P), Conn.	26.6
Connecticut Natl. Bank (EB)	25.8
Metropolitan Life (41), N.Y.	25.7
CIGNA Corp. (Pub. trade), Conn.	25.4
Republic Natl., Dallas, Texas	25.1
Fidelity Bank, Pa.	24.5
First Trust Corp, Colo.	24.1
Citicorp, N.Y.	23.6
IAA Trust Co. (B), Ill.	23.3
Trust Co. of Georgia (TRFIF)	23.3
MTrust, Texas	23.2
General American (8), Mo.	23.0
Life of Virginia	22.6
Comerica Bank, Mich.	22.6
Chase Manhattan (A), N.Y.	22.5
American Security, D.C.	22.4
Phoenix Mutual (Mgd.), Conn.	22.4
John Hancock, Mass.	22.4
Connecticut National (Interm.)	22.4
First Interstate of Ariz.	22.2
Continental Illinois	22.2
Philadelphia Natl., Pa.	22.1
Key Trust Co., N.Y.	22.1
Imperial Trust Co., Calif.	21.9
Wellington Trust (Inter.), Mass.	21.9
National Bank of Commerce, Neb.	21.9
Shawmut Bank, Mass.	21.9
Associated Manitowoc (High Inc.)	21.8
Principal Mutual Life, Iowa	21.7
First Variable Life, Ark.	21.6
Bank of New England, Mass.	21.6
Chemical Bank (2), N.Y.	21.5
First City Natl., Houston	21.5
Northern Trust, Ill.	21.3
Liberty National, Ky.	21.2
Citizens & Southern, Ga.	21.1
First of Boston (Interm.), Mass.	21.1
Mellon Bank (EB), Pa.	21.0
Society National, Ohio	20.9
First Wisconsin Trust (Inter.)	20.9
Harris Trust, Ill.	20.9
Manufacturers Hanover, N.Y.	20.9
Colorado National Bank	20.8
SLGC	**20.7**
Sovran Bank (Inst.), Va.	20.6
Exchange Natl. Bank (EB), Ill.	20.6
First Jersey Natl., N.J.	20.6
First of Omaha (C), Neb.	20.5
Prudential (VCA 7), N.J.	20.5
Bank of California (Flex.)	20.5
Lloyds Bank (C), Calif.	20.5
Massachusetts Mutual	20.5
Colonial Amer. Natl. (Inc.), Va.	20.5
Bankers Trust (A), N.Y.	20.4
Central Trust, Ohio	20.4
Bank of America, Calif.	20.3
Provident National, Pa.	20.3
Bessemer Trust, N.Y.	20.3
First Kentucky Trust (Ret. Tr.)	20.3
First of Chicago	20.3
Chase Manhattan (Interm.), N.Y.	20.3
Salomon Broad	**18.7**

3-year returns

	%
United of Denver, Colo.	22.7
Centerre Trust, Mo.	21.1
First Interstate of Denver	20.9
Equitable Life (5), N.Y.	19.9
IAA Trust Co. (B), Ill.	19.8
Life of Virginia	19.2
Travelers (P), Conn.	19.2
Connecticut Natl. Bank (EB)	19.0
Principal Mutual Life, Iowa	18.4
Manufacturers Life, Ont.	18.2
First Interstate of Ariz.	18.2
First Trust Corp, Colo.	18.0
Hawaiian Trust	17.9
American Security, D.C.	17.9
John Hancock, Mass.	17.8
Citicorp, N.Y.	17.8
Republic Natl. Dallas, Texas	17.6
Colorado Natl. Bank	17.6
General American (8), Mo.	17.4
CIGNA Corp. (Pub. trade), Conn.	17.4
First Kentucky Trust	17.3
Bank of California (Flex.)	17.3
Beverly Bank, Ill.	17.3
Continental Illinois	17.3
Sovran Bank, Va.	17.2
Society National, Ohio	17.2
Pacific Mutual, Calif.	17.2
Trust Co. of Georgia (TRFIF)	17.1
Northern Trust, Ill.	17.1
Morgan Guaranty, N.Y.	17.1
Fidelity Bank, Pa.	17.0
Metropolitan Life (41), N.Y.	17.0
First of Chicago	17.0
Natl. Bank of Commerce, Neb.	17.0
First of Chicago (Dollar)	17.0
Colonial Am. Natl. (Income), Va.	16.9
First of Omaha (C), Neb.	16.9
Central Fidelity (EB mgd.), Ill.	16.9
Exchange Natl. (EB inc.), Ill.	16.9
Connecticut Natl. (Interm.)	16.8
First Wisconsin Natl., Madison	16.8
Mellon Bank (EB), Pa.	16.8
Philadelphia Natl., Pa.	16.8
First Variable Life, Ark.	16.8
Central Trust, Ohio	16.7
Liberty National, Ky.	16.7
Aetna Life & Cas. (76), Conn.	16.7
First City Natl., Houston	16.7
SLGC	**16.7**
Lloyds Bank (C), Calif.	16.7
Chemical Bank (1), N.Y.	16.6
Wellington Trust (Interm.), Mass.	16.6
Wachovia Bank, N.C.	16.6
Key Trust Co., N.Y.	16.6
First Interstate of Calif.	16.6
Mutual of New York (Public)	16.6
Harris Trust, Ill.	16.6
Associated Manitowoc, Wis.	16.4
CIGNA Corp (Interm.), Conn.	16.4
Manufacturers Detroit, Mich.	16.4
Salomon Broad	**16.4**

EVER WISH YOUR EQUITY MANAGERS INVESTED *MORE* IN THEIR *BEST* IDEAS?

Consider our *Amplified Alpha* Investment Process.

- Designed to maximize performance while controlling risk.
- Overcomes excess diversification in large multi-manager portfolios.
- Identifies most attractive stocks held collectively by your current managers.
- Creates supplementary portfolio concentrated in only these stocks . . . with no disruption to present managers.
- Permits focus on your total equity assets. Enhances asset allocation.
- Produces extraordinary results.

Independence Investment Associates
One Liberty Square, Boston, MA 02109

For details, write or call
Vincent B. Burns, Senior Vice President
(617) 292-8700

First Jersey Natl., N.J.	16.4
California First Bank	16.4
Seafirst Bank, Wash.	16.4
Shawmut Bank, Mass.	16.4

5-year returns

	%
United of Denver, Colo.	25.1
Centerre Trust, Mo.	24.7
First Interstate of Denver	23.9
Life of Virginia	23.2
American Security, D.C.	22.3
Society National, Ohio	22.3
IAA Trust Co. (B), Ill.	22.3
AmSouth, Ala.	22.2
Citicorp, N.Y.	22.1
CIGNA Corp (Pub. trade), Conn.	22.0
First Wis. Natl., Madison	22.0
John Hancock, Mass.	21.6
Colorado Natl. Bank	21.5
Connecticut Natl. Bank (EB)	21.4
First Kentucky Trust	21.4
Sovran Bank, Va.	21.3
Pacific Mutual, Calif.	21.3
First of Chicago	21.0
First of Chicago (Dollar)	21.0
Equitable Life (5), N.Y.	20.9
Philadelphia Natl., Pa.	20.8
Hawaiian Trust	20.7
Wachovia Bank, N.C.	20.6
Bank of California (Flexible)	20.6
Liberty National, Ky.	20.4
Bank of New York	20.4
Lloyds Bank (C), Calif.	20.4
Natl. Bank of Commerce, Neb.	20.4
First Interstate of Arizona	20.4
Mutual of New York (Public)	20.3
Key Trust Co., N.Y.	20.3
First Variable Life, Ark.	20.3
CIGNA Corp. (Interm.), Conn.	20.2
Marine Midland, N.Y.	20.1
Colonial American Natl., Va.	20.1
Bankers Trust (A), N.Y.	20.0
Travelers (P), Conn.	19.8
Northern Trust, Ill.	19.8
Republic National, Dallas	19.8
First Trust Corp., Colo.	19.8
Beverly Bank, Ill.	19.7
Confederation Life (Amer.), Ont.	19.7
Commerce Union, Tenn.	19.7
First of Omaha (C), Neb.	19.7
American National (EB), Minn	19.7
Travelers (D), Conn.	19.7
MTrust, Texas	19.7
Central Fidelity (EB mgd.), Va.	19.7
Irving Trust, N.Y.	19.6
Morgan Guaranty, N.Y.	19.6
First Interstate of Calif.	19.6
SLGC	**19.6**
Salomon Broad	**19.5**
Harris Trust, Ill.	19.5
State Street Bank, Mass.	19.5
Mellon Bank (EB fixed), Pa.	19.5
Hamilton Bank, Pa.	19.5

10-year returns

	%
United of Denver, Colo.	13.1
Sovran Bank, Va.	13.0
Bank IV Wichita (EB), Kan.	12.9
Life of Virginia	12.9
Centerre Trust, Mo.	12.8
Pacific Mutual, Calif.	12.5
Fidelity Bank, Pa.	12.4
Beverly Bank, Ill.	12.4
Texas Commerce (Act. mgd.)	12.3
First Jersey National, N.J.	12.2
American Security, D.C.	12.2
Seafirst Bank, Wash.	12.2
First Interstate of Denver	11.9
First Wis. Natl., Madison	11.9
Manufacturers Hanover	11.9
First Interstate of Calif.	11.8
First Kentucky Trust	11.7
Boatmen's National, Mo.	11.7
Central Fidelity (EB mgd), Va.	11.6
First Interstate of Arizona	11.6
Bank of New England, Mass.	11.5
Manufacturers Detroit, Mich.	11.5
Mercantile Bank, Mo.	11.4
Merchants National, Pa.	11.4
American National Bank, Tenn.	11.3
CIGNA Corp. (Pub. trade), Conn.	11.3
John Hancock, Mass.	11.3
Lloyds Bank (C), Calif.	11.2
Citicorp, N.Y.	11.2
Connecticut National Bank (EB)	11.2
Bankers Trust (B), N.Y.	11.2
US Trust, N.Y.	11.2
Commerce Union, Tenn.	11.1
Cullen Bank (EB), Texas	11.1
First Bank Milwaukee, Wis.	11.1
First Fidelity Bank (Inter.), N.J.	11.1
Toledo Trust, Ohio	11.1
Bankers Trust (A), N.Y.	11.0
AmeriTrust (Reserve), Ohio	11.0
IAA Trust Co. (B), Ill.	11.0
Indiana National Bank	11.0
American National (EB), Minn.	11.0
Oregon Bank	11.0
Key Trust Co., N.Y.	11.0
SLGC	**10.7**

Top fixed funds by size

1-year returns

Over $100 million

	%
Chase Manhattan, N.Y.	30.2
Equitable Life (5), N.Y.	29.0
CIGNA Corp., Conn.	25.4
Life of Virginia	22.6
Chase Manhattan (A), N.Y.	22.5
American Security, D.C.	22.4
John Hancock, Mass.	22.4
Principal Mutual Life, Iowa	21.7
Bank of New England, Mass.	21.6
Harris Trust, Ill.	20.9
Manufacturers Hanover, N.Y.	20.9

$50 million to $100 million

	%
Centerre Trust, Mo.	33.0
First Interstate of Denver	30.6
Travelers (P), Conn.	26.6
Metropolitan Life (41), N.Y.	25.7
Fidelity Bank, Pa.	24.5
Citicorp, N.Y.	23.6
Trust Co. of Georgia	23.3
Comerica Bank, Mich.	22.6
Continental Illinois	22.2
Chemical Bank (2), N.Y.	21.5

$10 million to $50 million

	%
United of Denver, Colo.	33.7
Republic Natl., Dallas	25.1
IAA Trust Co. (B), Ill.	23.3
MTrust, Texas	23.2
General American (8), Mo.	23.0
Phoenix Mutual, Conn.	22.4
Connecticut Natl. Bank	22.4
Philadelphia Natl., Pa.	22.1
Wellington Trust, Mass.	21.9
Natl. Bank of Commerce	21.9
Shawmut Bank, Mass.	21.9

Under $10 million

	%
Manufacturers Life, Ont.	29.7
LaSalle National, Ill.	27.7
Connecticut National Bank	25.8
First Trust Corp., Colo.	24.1
First Interstate of Ariz.	22.2
Key Trust Co., N.Y.	22.1
Imperial Trust Co., Calif.	21.9
First Variable Life, Ark.	21.6
Exchange Natl. Bank, Ill.	20.6
Colonial Am. Natl., Va.	20.5

10-year returns

Over $100 million

	%
Life of Virginia	12.9
Texas Commerce (Act. mgd.)	12.3
American Security, D.C.	12.2
Manufacturers Hanover, N.Y.	11.9
Boatmen's Natl., Mo.	11.7
Bank of New England, Mass.	11.5
Mercantile Bank, Mo.	11.4
CIGNA Corp. (Pub. tr.)	11.3
John Hancock, Mass.	11.3
Wachovia Bank, N.C.	10.8

$50 million to $100 million

	%
Sovran Bank, Va.	13.0
Centerre Trust, Mo.	12.8
Pacific Mutual, Calif.	12.5
Fidelity Bank, Pa.	12.4
First Interstate of Denver	11.9
First Kentucky Trust	11.7
Manufacturers Detroit	11.5
Citicorp, N.Y.	11.2
Bankers Trust (B), N.Y.	11.2
US Trust, N.Y.	11.2

$10 million to $50 million

	%
United of Denver	13.1
Bank IV Wichita, Kan.	12.9
First Jersey Natl., N.J.	12.2
First Wis. Natl., Madison	11.9
First Interstate of Calif.	11.8
Merchants Natl., Pa.	11.4
American Natl. Bank, Tenn.	11.3
Lloyds Bank, Calif.	11.2
Commerce Union, Tenn.	11.1
Cullen Bank (EB), Texas	11.1
First Bank Milwaukee	11.1
Toledo Trust, Ohio	11.1

Under $10 million

	%
Beverly Bank, Ill.	12.4
Central Fidelity (mgd.), Va.	11.6
First Interstate of Ariz.	11.6
Connecticut Natl. Bank	11.2
Oregon Bank	11.0
Key Trust Co., N.Y.	11.0
First of Neenah (long term)	10.8
Colonial Am. Natl. (Inc.), Va.	10.7
First of Neenah (Inter.), Wis.	10.6
American National Bank, Ind.	10.6

Whether your concern is an employee benefit plan, corporate funds, or your own portfolio, your goal is the same: performance.

And Barnett has an enviable track record to offer: a performance in the top 25% of the country's equity money managers for the past five years, a time period in which the market has had both up and down cycles.*

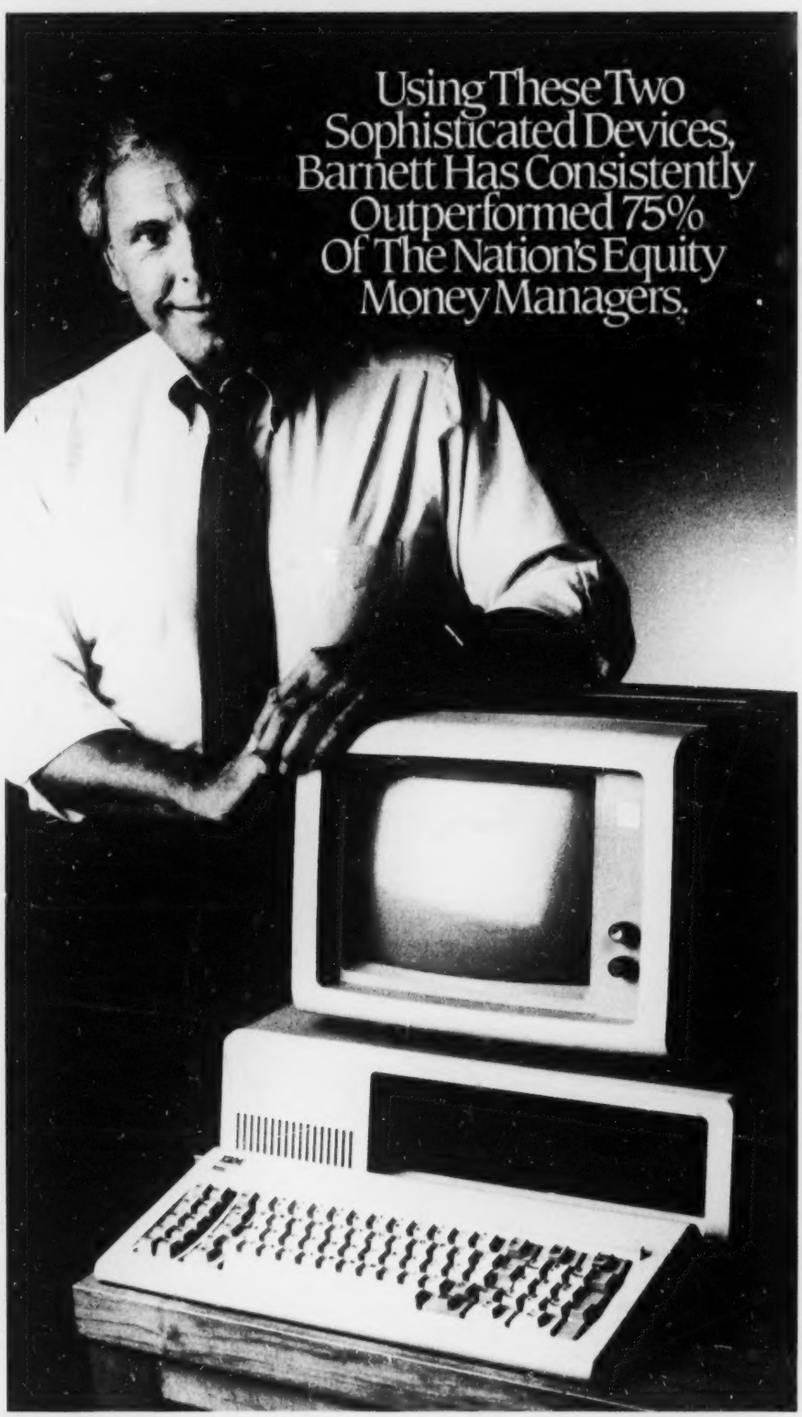
Two important resources make this kind of performance possible.

One, of course, is a group of investment managers and analysts with the kind of experience that gets results.

The other is a sophisticated device called the Barnett Evaluation System℠. Several computer models continually measure the financial status of nearly 7,000 companies, analyzing each as a potential investment, then narrowing the list down to a portfolio of fewer than 50 outstanding investment opportunities.

If you'd like to know more about how Barnett Trust can help you with your investment needs and, at the same time, take care of all the details and paperwork, call your local Barnett Trust office.

One of our two-legged sophisticated investment devices will be right over.


Using These Two Sophisticated Devices, Barnett Has Consistently Outperformed 75% Of The Nation's Equity Money Managers.

Barnett Bank

Barnett Banks Trust Company, N.A.
Barnett Is Florida's Bank.
All Barnett Banks are members of FDIC.
*As measured by SEI Corp. December 31, 1985/Funds Evaluation Services

Top quartile commingled equity funds

3-month returns

	%
First Interstate Nevada (EB)	4.2
First of Elgin (A), Ill.	1.3
Calcasieu Marine Natl. (E), La.	0.6
Commonwealth Natl. (E), Pa.	0.3
Cullen Bank (EB), Texas	– 0.2
Bank of California (In.)	– 0.2
Bank of the West, Calif.	– 0.4
State Street Bank (I), Mass.	– 0.5
Natl. Bank of Commerce, Tenn.	– 0.5
Commerce Bank (Com.), Mo.	– 0.5
American National (EB), Minn.	– 0.7
US Natl. of Galveston, Texas	– 0.7
MTrust (Value), Texas	– 0.8
Citizens & Southern, Ga.	– 1.1
First of Omaha (D), Neb.	– 1.2
Mercantile National, Ind.	– 1.2
Phoenix Mutual, Conn.	– 1.8
Interfirst Bank Dallas (In.)	– 1.8
First of Elgin (C), Ill.	– 1.8
CIGNA Corp (A), Conn.	– 1.9
First of Maryland	– 1.9
Crown Life (US) Ontario	– 2.0
First Wisconsin Trust (In.)	– 2.1
Ouachita National, La.	– 2.2
Gary Wheaton Bank (hedged), Ill.	– 2.3
Norstar Trust Co., N.Y.	– 2.3
Mid-State Bancorp, Pa.	– 2.4
Liberty National, Ky.	– 2.5
Provident National, Pa.	– 2.6
BancTexas, Dallas	– 2.7
Fidelity Mgmt. Trust (In.), Mass.	– 2.7
AmSouth, Ala.	– 2.8
Southeast Bank (EB), Fla.	– 2.8
First Fidelity Bank (Dis.), N.J.	– 2.9
Irving Trust, N.Y.	– 2.9
Merchants National, Pa.	– 3.0
Sovran Bank (Inst.), Va.	– 3.1
First of Shreveport, La.	– 3.3
Dauphin Deposit (Corp), Pa.	– 3.3
Continental Illinois (Com.)	– 3.4
Republic Natl., Dallas	– 3.4
Michigan Natl. of Detroit	– 3.5
Bank of New England (Rot.)	– 3.5
Massachusetts Mutual	– 3.6
Bank One Trust (Corp.)	– 3.6
State Street Bank, Mass.	– 3.8
Northern States Trust, Ill.	– 3.8
Frost National (A), Texas	– 3.8
Midlantic National, N.J.	– 3.9
Wachovia Bank, N.C.	– 3.9
Michigan Natl. of Grand Rapids	– 3.9
United Virginia Bank (5822)	– 3.9
First Interstate of Denver (Val.)	– 4.0
First Alabama Bank (I)	– 4.0
Sun Bank, Fla.	– 4.0
Mercantile Bank (Coll.), Mo.	– 4.0
AmeriTrust (Div.), Ohio	– 4.1
Union Central, Ohio	– 4.1
United Carolina Bank (EB), N.C.	– 4.1
Mutual of New York	– 4.2
Harris Trust, Ill.	– 4.2
First Union Bank, N.C.	– 4.2
Mercantile Safe, Md.	– 4.3
Prudential (Priform), N.J.	– 4.3
Jefferson Trust (EB), Ill.	4.4
LaSalle National, Ill.	– 4.4
Central Bank Monroe, La.	– 4.4
Standard & Poor's 500	– 7

1-year returns

	%
Sun Bank, Fla.	47.4
Bank of the West, Calif.	45.7
Harris Trust (Common), Ill.	43.8
First of America (Con. Val.), Mich.	43.7
Pittsburgh National (QMS)	43.3
First Trust Corp, Colo.	42.1
Puget Sound National, Wash.	41.4
First of America, Mich.	41.3
South Carolina National	41.0
Harris Trust (Low p/e), Ill.	40.7
Commerce Bank St. Louis	40.4
First Bank Milwaukee (Coll.)	39.7
First of Neenah, Wis.	39.4
Barnett Banks Trust (EB), Fla.	39.3
Republic National, Dallas	39.2
Interfirst Bank Dallas (Inc.)	38.8
First Interstate of Denver (Value)	38.7
State Street Bank (I), Mass.	38.3
First of Neenah, Wis.	38.2
Bank of Virginia (EB)	38.0
Citizens Fidelity (E), Ky.	37.7
Guardian Insurance (I), N.Y.	37.2
Dauphin Deposit (Corp. EB), Pa.	36.9
Cullen Bank (EB), Texas	36.9
CREF	36.9
Citizens & Southern, Ga.	36.8
First of Maryland	36.7
First Security Natl. (D), Ky.	36.7
Alaska Pacific Trust (EBT)	36.5
State Street Bank, Mass.	36.4
California First Bank	36.3
American National (Growth), Ind.	36.2
Pioneer Bank, Ill.	35.7
First Interstate of Denver	35.7
Commerce Bank, K.C., Mo.	35.2
Bank of New Eng. (Rot.), Mass.	35.1
Northern Central (Core), Pa.	34.7
Bank of California (Inc.)	34.6
State National Evanston, Ill.	34.5
Bank of Delaware (VIP)	34.2
Bank of New York	34.0
Seattle Trust, Wash.	34.0
New England Mutual (Growth)	33.9
Bank IV Wichita (EB), Kan.	33.7
Key Trust Co., N.Y.	33.7
Mellon Bank (EB), Pa.	33.6
Allied Bank, Texas	33.5
Commonwealth Natl. (E), Pa.	33.4
Norwest Bank, Minn.	33.4
Merchants Natl. (2), Ind.	33.3
Pacific Mutual, Calif.	33.3
First Natl. of Commerce, La.	33.0
Northern States Trust Co., Ill.	33.0
HT Investors, R.I.	32.9
Mercantile Bank (Coll.), Mo.	32.9
Manufacturers Hanover, N.Y.	32.9
Frost National (A), Texas	32.9
Liberty National, Ky.	32.9
First of Toledo, Ohio	32.8
First Interstate of Calif. (Index)	32.8
Boston Safe Deposit, Mass.	32.8
Employers Life of Wausau (1)	32.7
Riggs of Washington	32.6
Provident National, Pa.	32.6
Associated Manitowoc, Wis.	32.6
Nationwide Life Ins., Ohio	32.4
Citizens Chillicothe (B), Mo.	32.2
Philadelphia Natl., Pa.	32.2
Standard & Poor's 500	31.8

3-year returns

	%
Sun Bank, Fla.	28.8
Bank of the West, Calif.	23.5
First of America, Mich.	23.5
MTrust (Value), Texas	22.6
Northern States Trust Co., Ill.	22.6
Bank of New England (Rot.)	22.1
New Jersey National	21.5
First Interstate of Denver (Value)	21.5
State National, Evanston, Ill.	21.1
Alaska Pacific Trust (EBT)	20.8
Barnett Banks Trust (EB), Fla.	20.7
Cullen Bank (EB), Texas	20.5
Manufacturers Detroit	20.3
Republic Natl., Dallas	20.3
Mellon Bank (EB), Pa.	20.2
First Trust Corp, Colo.	20.2
Nationwide Life Ins., Ohio	20.0
Guardian Insurance (1), N.Y.	20.0
First Union Bank, N.)C.	19.9
First of Omaha (D), Neb.	19.7
Frost National (A), Texas	19.5
LaSalle Natl. (Value), Ill.	19.4
Prudential (Priform), N.J.	19.3
US Natl. of Galveston, Texas	19.2
Bank of Virginia (EB)	19.2
First of Neenah, Wis.	19.1
Natl. Bank of Commerce, Tenn.	18.9
C&S Trust Florida (EB)	18.7
Citytrust (E1), Conn.	18.6
Pittsburgh Natl. (QMS), Pa.	18.6
Provident National, Pa.	18.5
Pioneer Bank, Ill.	18.4
Lake Shore Natl., Ill.	18.3
Citizens Fidelity (E), Ky.	18.3
Dauphin Deposit (EB), Pa.	18.2
First of Neenah, Wis.	18.1
US Trust, N.Y.	18.1
CREF	17.8
Colorado National Bank	17.8
AmeriTrust (Div.), Ohio	17.7
Mercantile Bank (Col.), Mo.	17.5
Central Fidelity (EB), Va.	17.5
Riggs of Washington	17.4
Merchants Natl. (2), Ind.	17.4
Harris Trust (Com.), Ill.	17.4
Mutual of New York	17.4
First Wisconsin Trust (Income)	17.3
Massachusetts Mutual	17.2
Continental Bancorp (Com.), Pa.	17.2
Fidelity Mgmt. Trust (Inc.), Mass.	17.1
John Hancock (1K), Mass.	17.1
First Security Natl. (D), Ky.	17.0
Dominion Trust (Corp.), Va.	16.9
First Jersey National, N.J.	16.9
John Hancock (1L), Mass.	16.8
First of Maryland	16.8
Phoenix Mutual, Conn.	16.7
Bankers Trust (Index), N.Y.	16.6
American Natl. (Index), Chicago	16.6
Toledo Trust, Ohio	16.5
Standard & Poor's 500	16.5
State Street Bank (Index), Mass.	16.4
Old Kent, Mich.	16.4
First in Bartlesville, Okla.	16.4

5-year returns

	%
Sun Bank, Fla.	32.0
Manufacturers Life, Ont.	27.0
First Union Bank, N.C.	26.0
Guardian Insurance (1), N.Y.	24.7
New England Mutual (Growth)	24.6
MTrust (Value), Texas	24.2

Bondex I:
Performance as Promised

Favia Hill's indexed bond fund has delivered its promise: through the third quarter 1986, Bondex I has yielded within 15 basis points of the Shearson Lehman Government Corporate Bond Index.

Bondex I features an innovative, adjustable advisory fee structure designed to benefit the client.

For more information, contact:
Erich G. Weissenberger, Jr., Director of Marketing.
Favia, Hill & Associates, Inc., 30 Rockefeller Plaza,
New York, New York 10112. (212) 621-2858

Favia Hill
& Associates, Inc.

Note: Past performance is no guarantee of future results.

©Copyright 1986 Favia, Hill & Associates, Inc.

Top equity funds by size

1-year returns

Over $100 million

	%
Sun Bank, Fla.	47.4
Harris Trust, Ill.	43.8
Republic Natl. Dallas	39.2
CREF	36.9
Mellon Bank (EB), Pa.	33.6
Norwest Bank, Minn.	33.4
Manufacturers Hanover, N.Y.	32.9
First Interstate of Calif.	32.8
Provident Natl., Pa.	32.6
Philadelphia Natl., Pa.	32.2

$50 million to $100 million

	%
First of America, Mich.	41.3
Interfirst Bank Dallas	38.8
First Interstate of Denver	35.7
Bank of New England, Mass.	35.1
Bank of New York	34.0
New England Mutual, Mass.	33.9
Pacific Mutual, Calif.	33.3
Mercantile Bank, Mo.	32.9
Continental Bancorp, Pa.	31.7
Chicago Title & Trust, Ill.	31.4

$10 million to $50 million

	%
First of America, Mich.	43.7
Pittsburgh Natl., Pa.	43.3
First Trust Corp., Colo.	42.1
South Carolina Natl.	41.0
Harris Trust (low p/e), Ill.	40.7
Commerce Bank St. Louis	40.4
First Bank Milwaukee	39.7
Barnett Banks Trust Co., Fla.	39.3
First Interstate of Denver	38.7
First of Neenah, Wis.	38.2

Under $10 million

	%
Bank of the West, Calif.	45.7
Puget Sound Natl., Wash.	41.4
First of Neenah, Wis.	39.4
Alaska Pacific Trust	36.5
American Natl., Ind.	36.2
Merchants Natl. (2), Ind.	33.3
Northern States Trust Co., Ill.	33.0
Boston Safe Deposit, Mass.	32.8
Imperial Trust Co., Calif.	32.0
Dominion Trust, Va.	31.4

10-year returns

Over $100 million

	%
First Wis. Natl., Madison	19.7
American Natl. Chicago	19.7
Sun Bank, Fla.	18.5
US Natl. of Oregon	17.8
First Union Bank, N.C.	17.8
Provident Natl., Pa.	17.8
Bessemer Trust, N.Y.	17.2
Manufacturers Detroit, Mich.	16.4
Principal Mutual Life, Iowa	16.4
Massachusetts Mutual	16.2

$50 million to $100 million

	%
Manufacturers Life, Ont.	23.3
First Interstate of Denver	17.9
New England Mutual, Mass.	17.1
Continental Bancorp, Pa.	16.6
First of America, Mich.	16.4
Fifth Third Bank, Ohio	15.6
First Jersey Natl., N.J.	14.9
Colorado National Bank	14.9
Chicago Title & Trust, Ill.	14.5
Norstar Trust Co., N.Y.	14.0

$10 million to $50 million

	%
Guardian Insurance (1), N.Y.	20.4
Citizens Chillicothe (B), Mo.	19.6
First Trust Corp., Colo.	18.8
US Natl. of Galveston, Texas	18.8
Natl. Bank of Commerce	17.6
State Natl., Evanston, Ill.	17.2
Confederation Life, Ont.	17.2
First Variable Life, Ark.	16.7
MTrust, Texas	16.6
Nationwide Life Ins., Ohio	16.5

Under $10 million

	%
Wheeling Dollar Bank	14.6
Unibanctrust, Ill.	14.4
First of Neenah, Wis.	14.4
Merchants Natl. (2), Ind.	14.3
Union Central, Ohio	13.8
Dominion Trust, Va.	13.0
Union Trust Baltimore (D)	12.9
Old Second Natl., Ill.	12.7
First in Bartlesville, Okla.	12.5
Irving Trust, N.Y.	12.5
American Natl. Bank, Ind.	12.5

Provident National, Pa.	24.2
Manufacturers Detroit	24.1
Dauphin Deposit (EB), Pa.	23.8
Marine Midland, N.Y.	23.8
Bank of the West, Calif.	23.7
Nationwide Life Ins., Ohio	23.6
Lake Shore Natl., Ill.	23.5
Mutual Benefit, N.J.	23.5
First Wis. Natl., Madison	23.3
First of Omaha (D), Neb.	23.3
Bank of Virginia (EB)	23.2
Republic Natl., Dallas	23.1
Pioneer Bank, Ill.	23.1
First of America, Mich.	23.1
US Natl. of Galveston, Texas	22.8
Prudential (Priform), N.J.	22.5
Connecticut Mutual Life (CM)	22.5
New Jersey National	22.2
Colorado Natl. Bank	22.1
John Hancock (1L), Mass.	21.9
Natl. Bank of Commerce, Tenn.	21.9
Massachusetts Mutual	21.9
First Fidelity Bank, N.J.	21.8
Barnett Banks Trust Co. (EB), Fla.	21.7
First Wisconsin Trust (Income)	21.7
C&S Trust Florida (EB)	21.6
First Trust Corp., Colo.	21.6
First Variable Life, Ark.	21.5
Mellon Bank (EB), Pa.	21.5
CREF	21.4
AmSouth, Ala.	21.4
First Security Natl. (D), Ky.	21.4
Mercantile Safe, Md.	21.4
First of Neenah, Wis.	21.2
Texas Commerce (Diver.)	21.0
Society National (Rel. val), Ohio	21.0
American Natl. (Active), Chicago	21.0
AmeriTrust (Div.), Ohio	20.9
Cullen Bank (EB), Texas	20.9
US Natl. of Oregon (Qualivest)	20.9
State Street Bank, Mass.	20.8
Citytrust (E1), Conn.	20.8
Harris Trust, Ill.	20.8
Gary Wheaton Bank, Ill.	20.7
Seattle Trust, Wash.	20.7
Mutual of New York	20.6
First Kentucky Trust	20.6
Old Kent, Mich.	20.6
Resource Bank & Trust, Minn.	20.6
Merchants Natl. (2), Ind.	20.5
Bankers Trust (Index), N.Y.	20.5
First Bank Milwaukee	20.4
Citizens Fidelity (E), Ky.	20.4
Southeast Bank (EB), Fla.	20.4
Continental Bancorp, Pa.	20.4
Sovran Bank, Va.	20.4
Standard & Poor's 500	**20.2**

10-year returns

	%
Manufacturers Life, Ont.	23.3
Guardian Insurance (1), N.Y.	20.4
First Wis. Natl., Madison	19.7
American Natl. (Active), Chicago	19.7
Citizens Chillicothe (B), Mo.	19.6
First Trust Corp., Colo.	18.8
US Natl. of Galveston	18.8
Sun Bank, Fla.	18.5
First Interstate of Denver	17.9
US Natl. of Oregon (Qualivest)	17.8
First Union Bank, N.C.	17.8
Provident Natl., Pa.	17.8
Natl. Bank of Commerce, Neb.	17.6
Bessemer Trust, N.Y.	17.2
State Natl. Evanston, Ill.	17.2
Confederation Life, Ont.	17.2
First of Omaha (D), Neb.	17.1
New England Mutual (Growth)	17.1
First Variable Life, Ark.	16.7
Continental Bancorp (Com), Pa.	16.6
MTrust (Value), Texas	16.6

The Prudential
Asset Management Group

is pleased to announce
the formation of

MATRIX CAPITAL
MANAGEMENT,
INC.

MCM is a registered investment advisor, providing investment management services to corporate and public employee benefit plans, endowments, foundations and other institutional clients.

One Greenwich Plaza
Greenwich, CT 06830

An affiliate of The Prudential

Few equity funds . . .

Continued from page 65

lized return.

Joseph Hefner, vice president and chief investment officer, said the bank's $4.3 million fund focuses on large-capitalization companies with recognizable names. The bank's strategy, he said, is "not to lose money."

Mr. Hefner said some of the fund's biggest holdings are **Syntex Corp.**, a pharmaceuticals company, **Philip Morris Inc.** and **Borden Inc.** Some 35% of the portfolio is concentrated in utilities.

The fund recently added **Abbott Laboratories,** and **Minnesota Mining & Manufacturing Co.** to its portfolio.

Another top performer in the one-year period was Pittsburgh National Bank, whose $20 million fund landed in the top five with a return of 43.3%.

Frank Blanc, assistant vice president and senior portfolio manager, said the fund uses a computer-based stock selection process that keys on price momentum and favorable earnings progression.

The program generates about 20 stocks and screens the best eight or 11.

"We try to avoid overpriced stocks, and buy at the lower end of the value range," Mr. Blanc said, "and we have a holding period of about 18 months."

The portfolio is overweighted in consumer-oriented stocks like drug and food companies. Some of its biggest holdings include **Merck and Co. Inc., Eli Lilly & Co.** and **Deluxe Check Printers Inc.**

Harris Trust and Savings Bank, Chicago, finished third for the one-year period with a return of 43.8%. Though it did not fare as well in other time periods, it has consistently outperformed the S&P 500.

John Kirscher, senior vice president, said the $126 million fund employs a decision model that focuses on price/earnings ratios, dividend discounts, price and earning momentum and a change in estimates.

The portfolio is overweighted in banks, utilities, autos, aerospace, insurance and home building. "We have a very good savings and loan exposure," he said.

Some of its biggest holdings are **U.S. Gypsum Corp., National Gypsum Co., California Federal, Golden West Financial, Great Western Savings Bank** and **Home Federal Savings and Loan of San Diego**.

First of America, Kalamazoo, Mich., finished in the top three over the three-year period, with a return of 23.5%, and in the top 10 for the one-year period, with a return of 41.3%.

The $94 million fund employs a specialized approach to the low p/e investment strategy. It looks for undervalued stocks with a record of good historic growth and positive earnings.

"We focus attention where earnings expectations are improving compared with earlier time periods," said Craig Vander Molen, managing director of Securities Counsel, Kalamazoo, Mich., the wholly owned subsidiary of First of America that manages the bank's portfolio.

The portfolio is concentrated in financial, consumer and cyclical stocks. The heaviest emphasis is on financial stocks, some of which are **Great Western Financial, American Express, First Bank System** and **Ahmanson & Co.**, a savings and loan.

First of America was comfortably nestled in the top 10% over the five- and 10-year periods, with returns of 23.1% and 16.4%, respectively. The news was not as good for the quarter: First of America finished out of the top 10% with a −5.1 return, but it still outperformed the S&P 500.

Provident National Bank, Philadelphia, was an outstanding performer over the five-year period, finishing seventh with an annualized return of 24.2%.

Portfolio managers of the $250 million commingled fund buy low p/e stocks, said Carol McMurtie, senior vice president of Provident Capital Management, Philadelphia, which manages the bank's portfolio.

Some of its biggest holdings are **Citicorp** and **IBM**, with large holdings in utilities, railroads and airlines.

"Our portfolio tends to represent what has a low p/e at the moment," Ms. McMurtie said, "so it changes a lot."

She said the Bell operating companies have been among Provident's best performers over the past five years. "A lot of our best money has been made because we haven't lost it," she added.

Provident's returns have been ensconced above the S&P 500 in every time period in the PIPER survey.

First Wisconsin National Bank, Madison, placed third over the 10-year period with 19.7%.

The $130 million fund concentrates on small companies that are growing faster than the economy. It is heavily overweighted in financial and retail companies.

Some of its biggest holdings are **Columbus Mills, Laidlaw Transportation** and **Crump Cos.**, an insurance company.

First Wisconsin-Madison has had stock in Columbus and Crump for six and five years, respectively. "We hold on to our winners," said J. Scott Harkness, senior vice president and chief investment officer. ■

Nationwide Life Ins., Ohio	16.5
Manufacturers Detroit	16.4
First of America, Mich.	16.4
C&S Trust Florida (EB)	16.4
Principal Mutual Life, Iowa	16.4
Massachusetts Mutual	16.2
Bank of Virginia (EB)	16.2
First Interstate of Nevada (EB)	16.2
MTrust (Growth), Texas	16.0
Employers Life of Wausau (1)	16.0
Home Life, N.Y.	15.9
Equitable Life (4), N.Y.	15.8
AmSouth, Ala.	15.6
Fifth Third Bank (EB), Ohio	15.6
Aetna Life & Casualty, Conn.	15.6
First Interstate of Wash.	15.2
Equitable Life (18), N.Y.	15.1
Natl. City Cleveland, Ohio	15.1
Penn Mutual Life (A), Pa.	15.0
First Jersey Natl., N.J.	14.9
Philadelphia Natl., Pa.	14.9
IAA Trust Co. (C), Ill.	14.9
Colorado Natl. Bank	14.9
Republic Natl., Dallas	14.9
United of Denver	14.8
Lake Shore Natl., Ill.	14.7
Bank of Tokyo, N.Y.	14.7
Citytrust (E1), Conn.	14.7
Texas Commerce (Diver.)	14.7
CIGNA Corp. (A), Conn.	14.7
Standard & Poor's 500	**13.6**

Reprints of articles appearing in *Pensions & Investment Age* are available.

For information or orders contact:

Ulla Rodriguez
220 E. 42nd St.
New York, N.Y. 10017

You can call Ms. Rodriguez at (212) 210-0124.

Users of sector rotation listed

About 23.3%, or 129, of 552 investment managers surveyed by *Pensions & Investment Age* list sector rotation as part of their bond investment approach.

These managers move from government bonds to corporate bonds or agency bonds depending upon the interest rates each of these sectors is offering, or is expected to offer. For example, if corporate bonds are carrying higher interest rates than usual relative to government or agency bonds, sector rotational managers will move more of their assets into corporate bonds and reduce their commitments to the other securities. Sector rotational managers have much historical data on the normal interest-rate relationships.

Sixty-three of sector rotation managers have more than $1 billion under management.

What follows is a list of those managers. Information was compiled by the managers for *P&I Age*'s May 19 special issue on the nation's leading investment advisers.

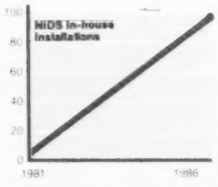
Managers using a sector rotation fixed-income style*

Alexander, Scriver & Associates	46
Ambs Investment Counsel	59
American Fletcher National Bank	3,740
Amev Asset Mgmt.	50
Atalanta/Sosnoff Capital	2,638
Baillie Gifford Overseas	55
Bank of California	240
Bankers Trust-Investment Mgmt.	41,810
Baring International Investment	819
Barnett Banks Trust Co.	500
Barrow, Hanley, Mewhinney	3,109
Bartlett & Co.	160
P.E. Becker	96
Sanford C. Bernstein & Co.	6,000
Bernstein-Macaulay	2,140
Boatmen's First Natl., Kansas City	920
C&S Investment Advisors	1,650
C.S. McKee & Co.	800
CMB Investment Counselors	2,570
James T. Cambier Investments	2
Campbell, Newman, Pottinger	88
Capital Research and Mgmt.	2,150
Capital Trust Co.	279
Capitol Bank & Trust Co.	211
Centerre Trust Co. of St. Louis	3,657
Chase Investors Mgmt.	15,000
Comerica Bank, Detroit	1,500
Commerce Investment Mgmt.	38
Connecticut National Bank	2,230
CoreStates Investment Advisers	1,040
Crocker Investment Mgmt.	1,600
Cumberland Advisors Pty.	50
Denver Investment Advisors	1,680
Dodge & Cox	3,001
Dreyfus Mgmt.	1,986
Duff & Phelps Investment Mgmt.	2,443
Equitable Investment Mgmt.	6,813
Ferguson & Wellman	400
Fiduciary Mgmt. Associates	348
Fiduciary Trust Co. of New York	8,823
Fifth Third Bank	1,372
Financial Trust Co.	76
First Fidelity Bank, New Jersey	1,800
First Interstate Bank of California	2,090
First Interstate Bank of Denver	1,722
Fischer, Francis, Trees & Watts	7,500
Gardner and Preston Moss	2,885
Glenmede Trust Co.	2,600
Greenspan O'Neil Associates	64
The Griffin Group	2,652
Hagler, Mastrovita & Hewitt	1,100
Hibernia National Bank	2,593
Huntington National Bank	370
IDS Equity/Fixed-Income Advisors	2,835
Indiana Investment Advisors	2,374
Invesco Capital Mgmt.	7,900
Investment Advisors	291
Investment Counselors of Maryland	1,166
Investment and Capital Mgmt.	941
Investors Mgmt. Services	79
Johnson Investment Counsel	137
D. Jones & Co.	1
William J. Kautz Associates	40
Kemper Financial Services	3,374
Kingsley, Jennison, McNulty	581
Lehman Mgmt.	9,459
MPT Associates	600
MacKay-Shields Financial	3,107
Manufacturers Natl. of Detroit	1,258
Marinvest	976
Massachusetts Financial Services	2,671
MassCo Investment Mgmt.	161
Mercantile Trust Co.	2,800
Merchants National Bank	60
Merganser Capital Mgmt.	390
Miller Anderson & Sherrerd	8,400
NC Capital Mgmt. Group	490
National Bank of Detroit	5,703
National City Bank of Cleveland	2,800
National Investment Services	4,000
New Mexico Capital Mgmt.	27
Norstar Investment Advisory	588
Northern Trust Corp.	7,571
Norwest Capital Mgmt.	2,039
Palm Beach Capital Mgmt.	14
Penmark Investments	130
Pension Mgmt.	25
Piedmont Capital Mgmt. Associates	12
Primco Capital Mgmt.	608
Professional Asset Mgmt.	24
Providence Group Investment	37
Provident Capital Mgmt.	2,587
RNC Capital Mgmt.	420
Reams Asset Mgmt.	720
Retirement System for Savings	538
Riggs Natl. Bank of Washington	525
Robshaw & Cheskin Associates	39
Rosenberg Capital Mgmt.	6,400
SCNC Advisory	563
STW Fixed Income Mgmt.	1,465
Fayez Sarofim & Co.	8,275
M.D. Sass Investors Services	1,949
Scudder, Stevens & Clark	10,677
Securities Counselors of Iowa	120
Security Pacific Investment	4,345
Alan G. Seidner Co.	64
Donald Smith & Co.	517
Smith Barney, Harris Upham & Co.	701
Sovran Bank	521
Sovran Capital Mgmt.	987
Standish, Ayer & Wood	2,386
Stein Roe & Farnham	4,600
Stuyvesant Capital Mgmt.	102
TSA Capital Mgmt.	605
Tenneco Asset Mgmt.	750
Trident Investment Mgmt.	560
Trusco Capital Mgmt.	2,608
Union Planters Natl. Bank	330
United Security Trust Co.	300
United States Trust, Boston	305
United States Trust, New York	1,800
Vanguard Group	3,892
Vaughan, Nelson, Scarborough	1,620
Venture Capital Fund of New England	27
Wachovia Bank & Trust Co.	2,971
Warburg Investment Mgmt.	280
Wellington/Thorndike, Doran	8,257
Western Asset Mgmt.	2,214

**Figures refer to total tax-exempt assets under management, $ millions.*

The portfolio management business is more vulnerable than ever to marketing issues:

Doesn't using a Service Bureau only increase your vulnerability?



Traditional investment advisors no longer exist. Suddenly, the industry has become the most competitive one on earth, and as clients have become more sophisticated, they have become more demanding.

No one doubts that effective marketing and quality customer service depend on information. No one doubts that good information is information you can control. Yet many money managers still trust their most important information to outside service bureaus.

The only way to regain control of your data is through an in-house solution. But, it must do more than process data. It must be manageable.

Experience: The Only Guideline

As the world's leading vendor of in-house portfolio management hardware and software, National Investor Data Services has helped more than a hundred firms make the transition. Our clients include such firms as: Pacific Investment Management Co. of Newport Beach, CA; Fiduciary Counsel Inc. of New York City; First Chicago Investment Advisors of Chicago; and Neville, Rodie & Shaw, Inc. of New York City. We know the risks and the problems at first hand. We understand that each company's requirements are unique. And we are fully aware that most money managers are not engineers.

We knew these things before we ever sat down to design NIDSPORT-II. We also knew we could design a system that would give you portfolio status, accounting, performance analysis and reporting from data captured once...would deliver instant, real-time updates...would let you ask what-if questions and would save you a great deal of money.

We have met all these objectives. Today, NIDSPORT-II is not only the most widely adopted in-house portfolio system, it is also the standard by which other systems are judged.

Not Just Bits and Bytes

NIDSPORT-II is more than hardware and software. It is training, service and support unparalleled in the industry. It is an active, independent users' group. And it is a commitment to staying at the leading edge of technology.

NIDSPORT-II offers the benefits of in-house portfolio management without the transition trauma. If you'd like more information about NIDSPORT-II, just write or call: Carl Froebel, President, National Investor Data Services, Inc., 33 Flying Point Road, Southampton, New York 11968, (516) 283-1100.

New York
Atlanta
Chicago
San Francisco

NIDS
National Investor Data Services, Inc.

Mutual funds target growth

WASHINGTON — The prospect for continued growth is the challenge and the opportunity for the mutual fund industry, said Richard M. Reilly, the newly installed chairman of the Investment Company Institute, Washington.

"While it's true that we've made substantial inroads, the total number of investors still represents a relatively small percent of the overall market," said Mr. Reilly, who succeeds George F. Reed.

"Our biggest challenge is also our biggest opportunity: to make certain the public understands the products they are getting, so their expectations will be realistic."

Mr. Reilly also said the market is virtually unlimited as long as investors understand what can and cannot be delivered.

The mutual fund industry itself has grown to more than $650 billion from $45.8 billion a decade ago.

The ICI is the national association of the American mutual fund industry.

Its membership includes 1,660 open-end investment companies, their investment advisers and principal underwriters. The institute's mutual fund membership comprises about 90% of total industry assets and some 25 million shareholders. ■

Few use quantitative analysis

About 8%, or 53 of 663, of equity managers surveyed by *Pensions & Investment Age* list quantitative analysis as part of their investment approach.

Managers using quantitative methods to select investments typically subscribe to the Modern Portfolio Theory, which says there is a definite relationship between risk and return and that the market is very efficient at digesting information about stocks and adjusting prices to reflect that information.

Almost one-third of equity managers citing MPT analysis have more than $1 billion in tax-exempt assets under management.

Information was compiled from questionnaires submitted by the managers for *P&I Age's* May 19 special issue on the nation's leading investment advisers.

Managers using MPT approach*

Alexander, Scriver & Associates	46
Analytic Investment	956
Aronson & Fogler	50
BBL Capital Mgmt.	436
Bankers Trust-Investment Mgmt.	41,810
Barnett Banks Trust Co.	500
Bernstein-Macaulay	2,140
Boatmen's National Bank	4,500
Boston Co.	6,156
Brignoli, Curley & Roberts	501
Cedar Mill Associates	31
Donald P. Chiras	54
Chittenden Bank Trust	183
Delta Financial	92
Financial Aims	46
First Investment Mgmt.	1,290
First Quadrant	45
Fiske Capital Mgmt.	86
Franklin Portfolio Associates	1,417
Gateway Investment Advisers	64
Gradison & Co.	60
Grantham, Mayo, Van Otterloo	1,205
Greenwich Monitrend	60
Harris Trust and Savings Bank	8,400
Investment Management	8
Tom Johnson Investment Mgmt.	512
Knowles & Hazlett	3
MPT Associates	600
Massco Investment Mgmt.	161
Matrix Capital Mgmt.	255
Mellon Bank	12,238
Miller, Anderson & Sherrerd	8,400
NSR Asset Management	374
New Japan Capital Mgmt.	0
Noddings-Calamos Asset Mgmt.	62
Northern Trust	7,571
NorthWest Quadrant	30
Norwest Capital Mgmt.	2,039
Pittsburgh National Bank	2,927
Portfolio Capital Mgmt.	76
Portfolio Group	240
QCI	80
Reiser-Builder	26
SCNC Advisory	563
M.D. Sass Investors Services	1,949
Skye Investment Advisors	362
TSA Capital Mgmt.	605
United States Trust	305
Vanguard Group	3,892
Warburg Investment Mgmt.	280
Wedge Capital Mgmt.	125
Wells Fargo Investment	29,520
Zavanelli Portfolio Research	11

**Figures refer to total tax-exempt assets under management, $ millions.*

Emerging growth managers listed

About 12.5%, or 83 of 663, equity managers surveyed by *Pensions & Investment Age* list emerging growth stock as part of their investment approach.

Managers using emerging growth invest in young companies they believe will be successful. Such a company generally is evaluated on the type of product or service it offers, the reputation of its management and its earning potential.

Almost one-quarter of equity managers citing emerging growth stock have more than $1 billion in tax-exempt assets under management.

Information was compiled from questionnaires submitted by the managers for *P&I Age's* May 19 special issue on the nation's leading investment management firms.

Managers using emerging growth stocks*

AFC Advisory Services	6
American Capital Mgmt.	38
American Fund Advisors	12
Andron Cechettini & Associates	70
Ariston Capital Mgmt.	16
E.W. Axe & Co.	146
BA Investment Mgmt.	592
BMI Capital	260
Baillie Gifford Overseas	55
Bernstein-Macaulay	2,140
William Blair & Co.	615
Buffalo Capital	7
California First Capital Mgmt.	102
Chase Investors Mgmt.	15,000
Connecticut National Bank	2,230
Connors Investor Services	51
Constitution Capital Mgmt.	2,367
Martin Currie	445
European-American Securities	0
FMI Capital Mgmt.	32
First Commercial Bank	820
First Maryland Asset Mgmt.	560
First Security Investment Mgmt.	800
First Wisconsin Madison	622
Friess Associates	152
Froley, Revy Investment	306
Furgueson Capital Mgmt.	11
GIMI	50
Kenneth J. Gerbino & Co.	9
Gintel Equity Mgmt.	77
Growth Stock Outlook	117
Hambrecht & Quist Equity Mgmt.	31
IDS Growth Spectrum Advisors	102
Investment & Capital Mgmt.	941
Jenswold, King & Associates	55
Johnson, Valliant & Broadfoot	207
Jundt/Capen Associates	775
Kangyo Kakumaru Capital Mgmt.	0
William J. Kautz Associates	40
Kleinwort Benson International	151
Lieber & Co.	556
MacKay-Shields Financial	3,107
Macheski/Pappas Asset Mgmt.	0
McCowan Associates	1,125
Morison Asset Mgmt.	151
Mt. Auburn Mgmt.	12
National Investment Services	4,000
Newport Pacific Mgmt.	2
Nicholas-Applegate Capital	478
Nikko & Associates	32
Northern Trust	7,571
Norwest Capital Mgmt.	2,039
O'Herron & Co.	76
PM Portfolio Mgmt.	79
Pacific Century Group	250
Parmelee Mgmt.	36
Pilgrim, Baxter, Hoyt & Greig	855
T. Rowe Price Associates	7,375
Providence Group Investment	37
Provident Investment Counsel	1,355
Reimer & Koger	766
Reiser-Builder	26
Retirement System for Savings	538
Rosenberg Capital Mgmt.	6,400
Rothschild Co.	500
Rothschild Securities	85
Ronald Sadoff Associates	35
Schroder Capital Mgmt.	719
Scudder, Stevens & Clark	10,677
Simpson Capital Mgmt.	7
Somerset Asset Mgmt.	18
Stein Roe & Farnham	4,600
Technological Investors Mgmt.	20
Texas Commerce Bank	2,686
Tower Capital Mgmt.	183
United Security Trust	300
Vanguard Group	3,892
Warburg, Pincus Counsellors	1,244
Weiss, Peck & Greer	2,600
William D. Witter	323
Wright Investors' Service	2,301
Zavanelli Portfolio Research	11

**Figures refer to total tax-exempt assets under management, $ millions.*

The 1,000 largest tax-exempt funds will be listed in the Jan. 26 issue. Details are given on asset size, asset mix and investment managers.

Our entry point windows make custom plan administration a breeze.

When pension administration systems don't automatically process custom plans, most vendors provide you with a choice of ways to tailor your system. You can specify the changes required, then wait 6-8 weeks while your vendor makes them. Or you can hire expensive programmers to write new routines for you.

Some choice.

But that won't happen to you with ACTI. Because our systems for defined contribution and defined benefit plans feature our exclusive entry point windows, which make processing unique plans a breeze, regardless of their complexity.

We've been providing hard-working solutions to employee benefit problems since 1968. And our DCVAL and DBVAL systems have given hundreds of pension administrators a productivity edge. And the ability to serve their clients better.

What's more, our systems are designed and kept up-to-date by employee benefit professionals. So you'll find that our standards are every bit as exacting as yours.

To find out more about ACTI and how our systems can help, just call or write for more information or a demonstration. And we'll show you how our entry point windows could change your outlook on custom plan administration. Call 1-800-DNA-ACTI (in Texas, 214/891-0900).

I'm interested. Please send details of ____ defined contribution ____ defined benefit systems.

Name _____

Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Telephone (____) _____

7557 Rambler Road,
Suite 1050,
Dallas, Texas 75231. P 12

acti
A DNA company.

Buyers of low p/e stocks told

About 29.3%, or 194, of 663 equity managers surveyed by *Pensions & Investment Age* list the purchase of stocks with low price-earnings ratios as part of their investment approach.

The p/e ratio, the price of stock divided by its earnings per share, gives investors an idea of how much they are paying for a company's earning power.

Low p/e stocks tend to be in low-growth or mature industries, in stock groups that have fallen out of favor, or in blue-chip companies with long records of earnings stability and regular dividends.

Investors using this approach search for companies where some development has made the low price relative to earnings inappropriate, e.g., an unnoticed change for the better in management.

They expect the market in general to eventually recognize and reward this change.

Almost one-quarter of equity managers citing purchase of low p/e stocks have more than $1 billion in tax-exempt assets under management.

Information was compiled from questionnaires submitted by the managers for *P&I Age*'s May 19 special issue on the nation's leading investment advisers.

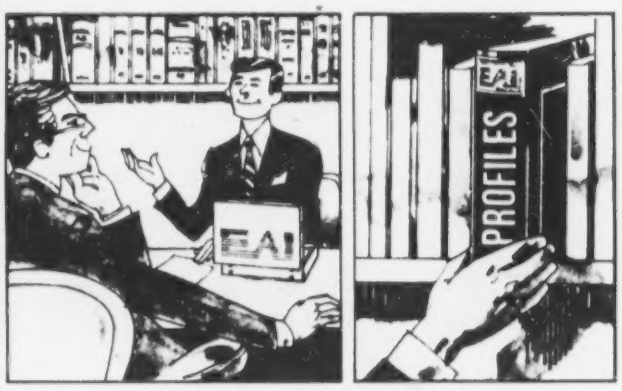
Managers using low p/e stocks*

Abel/Noser	175
Adams Express	0
Addison Capital Mgmt.	10
Aegis Capital Mgmt.	12
Agepasa	0
Ambs Investment Counsel	59
American Asset Mgmt.	81
American Fletcher National Bank	3,740
AmeriTrust	5,404
Argus Investment Mgmt.	64
Ariel Capital Mgmt.	26
Ariston Capital Mgmt.	16
Armour, Douglas Capital Mgmt.	13
Aronson & Fogler	50
Ashland Mgmt.	234
Atalanta/Sosnoff Capital	2,638
BA Investment Mgmt. Int'l.	592
BBL Capital Mgmt.	436
BMI Capital	260
Bailard, Biehl & Kaiser	60
Baring International	819
Barnett Banks Trust	500
Barrow, Hanley, Mewhinney	3,109
Bear Stearns Asset Mgmt.	1,002
P.E. Becker	96
Beese Fulmer & Pincoe	16
Sanford C. Bernstein	6,000
Bernstein-Macaulay	2,140
Boston Co.	6,156
C&S Investment Advisors	1,650
James T. Cambier Investments	2
CMB Investment Counselors	2,570
Campbell, Newman, Pottinger	88
Capital Advisors	220
Capital Mgmt. Int'l.	119
Capital Technology	46
Capitol Bank & Trust	211
Carret & Co.	88
Cashman, Farrell & Associates	996
Chase Investors Mgmt.	15,000
Churchill Mgmt.	75
Clifford Associates	5
Clutinger, Williams & Verhoye	50
Composite Research & Mgmt	40
Connors Investor Services	51
Constitution Capital Mgmt.	2,367
Continental Bank	1,807
Corbyn Associates	90
Crambilt & Carney	302
DP Asset Mgmt.	56
Davenport Asset Mgmt.	32
Dawes Investment Service	33
Delafield, Harvey, Tabell	88
Delaware Investment Advisers	9,094
Denver Investment Advisors	1,680
Dewey Square Investors	2,900
Dreman & Embry	732
Dreyfus Mgmt.	1,986
Duff & Phelps Investment Mgmt.	2,443
Dale K. Ehrhart	35
FMI Capital Mgmt.	32
Farmer & Lang	71
Fenner & Williams	15
Ferguson & Wellman	400
Fiduciary Mgmt.	348
Fifth Third Bank	1,372
Financial Aims	46
First Boston Asset Mgmt.	67
First Interstate Bank of Denver	1,722
First Interstate Bank of Oregon	823
First Manhattan Capital Mgmt.	1,300
First National Bank of Cincinnati	383
First Quadrant	45
First Union/Capital Mgmt.	1,738
First of American Investment Mgmt.	691
Franklin Asset Mgmt.	40
Friess Associates	152
Furman Selz Capital Mgmt.	215
Gardner and Preston Moss	2,885
Kenneth J. Gerbino	9
Gintel Equity Mgmt.	77
Glendeven Mgmt. and Research	118
Glinkenhaus & Co.	1
Gradison & Co.	60
Grantham, Mayo, Van Otterloo	1,205
R.W. Graybill	26
David J. Greene	1,082
Growth Stock Outlook	117
Gulf Investment Mgmt.	128
Hahn Holland & Grossman	226
Harbor Capital Mgmt.	859
Harris Trust and Savings Bank	8,400
Hibernia National Bank	2,593
Institutional Portfolio Services	50
Investment Counsel	424
Irving Trust	3,400
James River Capital Mgmt.	20
Jenswold, King & Associates	55
Tom Johnson Investment Mgmt.	512
D. Jones & Co.	1
KAS Investment Consultants	6
William J. Kautz Associates	40
Kennedy Capital Mgmt.	59
Kleinwort Benson International	151
Kronwall Capital Mgmt.	62
Legg Mason Capital Mgmt.	82
Lehman Mgmt.	9,459
Leonard Mgmt.	2
Lexington Mgmt.	575
Leylegian Investment Mgmt.	180
Liberty National Bank & Trust	894
Lieber & Co.	556
Lindner Mgmt.	77
Macheski/Pappas Asset Mgmt.	0
Manufacturers Natl. of Detroit	1,258
Marinvest	976
Marsh & Cunningham	36
MassCo Investment Mgmt.	161
McCullough, Andrews & Cappielo	385
McGlinn Capital Mgmt.	1,142
C.S. McKee & Co.	800
Mercator Asset Mgmt.	10
Merchants National of Muncie	126
Merrill Lynch Asset Mgmt.	2,450
Michigan National Investment	422
Miller, Anderson & Sherrerd	8,400
Morgan Grenfell Investment	2,075
NWQ Investment Mgmt.	437
National Bank of Washington	837
Neuberger & Berman	5,073
New Mexico Capital Mgmt.	27
Newbold's Asset Mgmt.	1,232
Ohio Co.	258
Oregon Bank	61
PCM International	422
Palley-Needelman Asset Mgmt.	33
Palm Beach Capital Mgmt.	14
Parmelee Mgmt.	36
Pell, Rudman & Co.	20
Penmark Investments	130
Petroleum & Resources	0
Portfolio Capital Mgmt.	76
Portfolio Group	240
Princeton Asset Mgmt.	11
Provident Capital Mgmt.	2,587
Reams Asset Mgmt.	720
Reich & Tang	948
RepublicBank Dallas	5,337
Retirement System for Savings	538
Riggs National of Washington	525
Rothschild Co.	500
SAFECO Asset Mgmt.	425
Ronald Sadoff Associates	35
Schafer Capital Mgmt.	925
A.R. Schmeidler	70
Seattle Trust	108
Securities Counselors of Iowa	120
Shaw Mgmt.	40
Shearson Asset Mgmt.	1,354
Sheffield & Co.	9
Simmons Financial Mgmt.	10
Donald Smith & Co.	517
Smith Barney, Harris Upham	701
Smoot, Miller, Cheney	1,180
Somerset Asset Mgmt.	18
Sovran Bank	521
Sovran Capital Mgmt.	987
George B. Springman	150
Stock Yards Bank & Trust	240
Strong/Corneliuson Capital	1,297
Sutro Capital Mgmt.	33
Tallasi Mgmt.	415
Texas Commerce Bank	2,686
Thompson/Rubinstein Investment	123
Trendstat Capital Mgmt.	17
Trident Investment Mgmt.	560
Trinity Investment Mgmt.	2,524
Tukman Capital Mgmt.	170
Union National Trust	60
Unity Mgmt.	390
ValueQuest Ltd.	157
Van Deventer & Hoch	325
Vanguard Group	3,892
Virginia Investment Counselors	150
David E. Ware & Associates	7
Wedge Capital Mgmt.	125
Wagstaff, Lodefink & Associates	6
Warburg Investment Mgmt.	371
G. Waring Boys Co.	50
Wasatch Advisors	107
Weiss, Peck & Greer	2,600
Wentworth Hauser & Violich	2,260
Wilmington Trust	10,000
Winrich Capital Mgmt.	143

**Figures refer to total tax-exempt assets under management, $ millions.*

Rankings of investment banking firms: Jan. 12.

The Next Best Thing To An EAI Consultant In Your Office...



...Is An EAI PROFILES On Your Shelf.

As a fund sponsor, you need precise, objective information on a large universe of money managers and the complex services they offer. Now the same, reliable information that EAI, leading consultant to fund sponsors, has developed is available to you in five separate PROFILES publications.

So, if you have funds invested in U.S. stocks and bonds, GICs, international capital markets, or real estate, look into PROFILES today and take advantage of the best investment management information available anywhere.

PROFILES PI 11/10/86

I'd like to see for myself. Send me full information and a free sample profile from:

☐ INVESTMENT MANAGER PROFILES
☐ SMALL EQUITY MANAGER PROFILES
☐ REAL ESTATE PROFILES
☐ INTERNATIONAL MANAGER PROFILES
☐ INSURANCE CONTRACT PROFILES

Name _____ Phone _____
Company _____
Address _____
City _____ State _____ Zip _____

EAI EVALUATION ASSOCIATES, INC.
25 Sylvan Road South, Westport, CT 06880. (203) 226-7864

ERISA. What you don't know could hurt you.

Complying with ERISA requirements without the advice of the Department of Labor is like wearing a blindfold to work every morning. It's a self-imposed disadvantage that sets you up for big mistakes.

The Washington Service Bureau's **ERISA Update** is the intelligent alternative to blindfolds. It begins by providing subscribers with the full text of all Department of Labor Advisory Opinions and every Pension Benefit Guaranty Corporation Opinion Letter issued to date. Added to that is exclusive coverage of the text of selected Information Letters from both agencies.

Abstracts of each item, exclusively prepared by the Washington Service Bureau, offer a concise recap of important points at a glance. The abstracts are conveniently organized by ERISA section, and topical and alphabetical indices provide additional access.

Any way you look at it, ERISA can affect you. You can feel those effects as they happen, or after it's too late.

Every week you wait gives the DOL time to release a few more letters. And, what you don't know could hurt you.

Exclusive coverage of prohibited transactions

A subscription to the **ERISA Update** also provides the most comprehensive coverage of Prohibited Transactions including:

- Abstracts and full text of all final denial letters relating to Prohibited Transactions.
- Abstracts of Federal Register notices proposing and granting Prohibited Transaction Exemptions.
- Abstracts and full text of all Prohibited Transaction interpretations.

Easy to use

ERISA Update is provided to you in a loose-leaf format and is updated monthly. We provide you with binders and divider tabs arranged by ERISA section.

To subscribe to **ERISA Update** or for more information, call Angela Sasso at **833-9200** (within the District of Columbia) or toll-free **(800) 221-3184,** or contact your local Commerce Clearing House representative.

WSB
Washington Service Bureau
Government Information Is Our Business
A subsidiary of Commerce Clearing House, Inc.
655 Fifteenth Street, Northwest Washington, DC 20005 (202) 833-9200

Equity firms with sector rotation style

About 21%, or 137, of 663 equity managers surveyed by *Pensions & Investment Age* list sector rotation as part of their investment approach.

A sector is a particular group of stocks affected in the same way by economic developments. As the economy moves through different phases from recession to recovery, to boom, to decline, different business sectors are affected at different times. Sector rotators attempt to determine which sectors of the stock market will be positively affected by the next development in the economy and buy those stocks in advance. They attempt to sell those stocks at their peak and rotate into the stocks that will be positively affected by the next stage of the economic cycle.

One-third of equity managers citing the sector rotational style have more than $1 billion in tax-exempt assets under management.

Information was compiled from questionnaires submitted by the managers for *P&I Age*'s May 19 special issue on the nation's leading investment advisers.

Managers using a sector rotational style for equities*

ASB Capital Mgmt.	3,651
American Fletcher National	3,740
Ariston Capital Mgmt.	16
Atalanta/Sosnoff Capital	2,638
BA Investment Mgmt.	4,342
BBL Capital Mgmt.	436
Julius Baer Investment Mgmt.	120
Bank of Delaware	180
Bank of New York	2,200
Barnett Banks Trust	500
Sanford C. Bernstein & Co.	6,000
Bernstein-Macaulay	2,140
Boatmen's Bank, Kansas City	920
Boston Co.	6,156
CMB Investment Counselors	2,570
Campbell Advisors	750
Campbell, Newman, Pottinger	88
Capital Advisors	220
Capital Mgmt. International	119
Capital Trust Co.	279
Chase Investors Mgmt. Corp.	15,000
Clutinger, Williams & Verhoye	50
Columbia Mgmt.	3,332
Columbus Circle Investors	410
Commerce Bank of Kansas City	289
Commerce Investment Mgmt.	38
Computime Institutional Services	3
Concord Capital Mgmt.	1,255
Crocker Investment Mgmt.	1,600
Crocker National Bank	791
John M. Cunningham	8
Martin Currie	445
Davis, Weaver & Mendel	25
Dawes Investment Service	33
Delaware Investment Advisers	9,094
Endowment Mgmt. & Research	1,554
Equitable Bank	160
Essex Investment Mgmt.	775
Ferguson & Wellman	400
Fiduciary & Corporate Counsel	7
Fiduciary Mgmt. Associates	348
Fiduciary Trust Co. of N.Y.	8,823
Financial Trust Co.	76
First Asset Mgmt.	1,581
First City Natl. of Houston	606
First Natl. of Cincinnati	383
First Tennessee Investment Mgmt.	974
First Trust Co.	6,500
Gardner and Preston Moss	2,885
Geewax, Terker & Co.	850
Glendeven Mgmt. & Research	118
Greenspan O'Neil Associates	64
Hahn Holland & Grossman	226
Hellman, Jordan Mgmt.	1,153
Hibernia National Bank	2,593
Hutchinson Natl. Bank & Trust	55
IDS Equity/Fixed-Income Advisors	2,835
Institutional Capital	893
Institutional Portfolio Services	50
INVESCO Capital Mgmt.	7,900
Investment Advisers	3,700
Investment Advisors	291
Investment Counsel	424
Investment & Capital Mgmt.	941
Investors Mgmt. Services	79
Jamison, Eaton & Wood	46
Tom Johnson Investment Mgmt.	512
D. Jones & Co.	1
Kemper-Murray Johnstone	216
Kennedy Associates	2,908
Luther King Capital Mgmt.	1,000
Kronwall Capital Mgmt.	62
C.J. Lawrence Mgmt.	146
Lehman Mgmt.	9,459
Leylegian Investment Mgmt.	180
Loomis Sayles & Co.	12,994
Lowe, Brockenbrough, Tierney	685
MSecurities Corp.	695
MacKay-Shields Financial	3,107
Manufacturers Hanover	18,383
Massachusetts Financial Services	2,671
MassCo Investment Mgmt.	161
McGlinn Capital Mgmt.	1,142
Mercantile Trust	2,800
MidAmerica Mgmt.	10
Miller Anderson & Sherrerd	8,400
J.P. Morgan Investment	38,866
Morgan Stanley Asset Mgmt.	6,031
Mt. Auburn Mgmt.	12
NCNB National	2,701
NSR Asset Mgmt.	374
Neuberger & Berman	5,073
Norstar Investment Advisory	588
Pell, Rudman & Co.	20
Puget Sound National	12
QCI	80
RNC Capital Mgmt.	420
Reimer & Koger	766
Retirement System for Savings	538
Riggs National of Washington	525
Safian Investment Research	10
Fayez Sarofim & Co.	8,275
M.D. Sass Investors Services	1,949
Security Pacific Investment	4,345
Shearson Asset Mgmt.	1,354
Shields Asset Mgmt.	2,300
Simpson Capital Mgmt.	7
Sirach/Flinn, Elvins Capital Mgmt.	414
Sit Investment Associates	1,420
Smith Barney, Harris Upham	701
Stein Roe & Farnham	4,600
Summit Mgmt.	148
Sun Bank	600
Sutro Capital Mgmt.	33
TSA Capital Mgmt.	605
Tallasi Mgmt.	415
Tenneco Asset Mgmt.	750
Texas American Investment Mgmt.	622
Thompson, Siegel & Walmsley	1,800
Todd Investment Advisors	1,922
Trinity Investment Mgmt.	2,524
Trust Company of the West	8,903
Union Planters National	330
United States Trust	305
Value Investors	1,404
Value Line Asset Mgmt.	1,263
Vanguard Group	3,892
Virginia Investment Counselors	150
Wachovia Bank & Trust	2,971
Wakley & Roberton	66
Warburg Investment Mgmt.	280
Wentworth Hauser & Violich	2,260
Wheat Investment Advisors	326
Winchester Capital Mgmt.	186
Wolf, Webb, Burk & Campbell	350
Yamaichi Capital Mgmt.	53

**Figures refer to total tax-exempt assets under management, $ millions.*

Sales of funds at record pace

WASHINGTON — Sales of stock, bond and income mutual funds totaled $16.5 billion in September as the industry rolled toward the end of a record year, according to the Investment Company Institute, Washington, the national association of the mutual fund industry.

Bond and income funds led the way again as total sales for the first nine months of 1986 hit $157.5 billion, more than double the comparable figure of $77 billion for the first nine months of 1985.

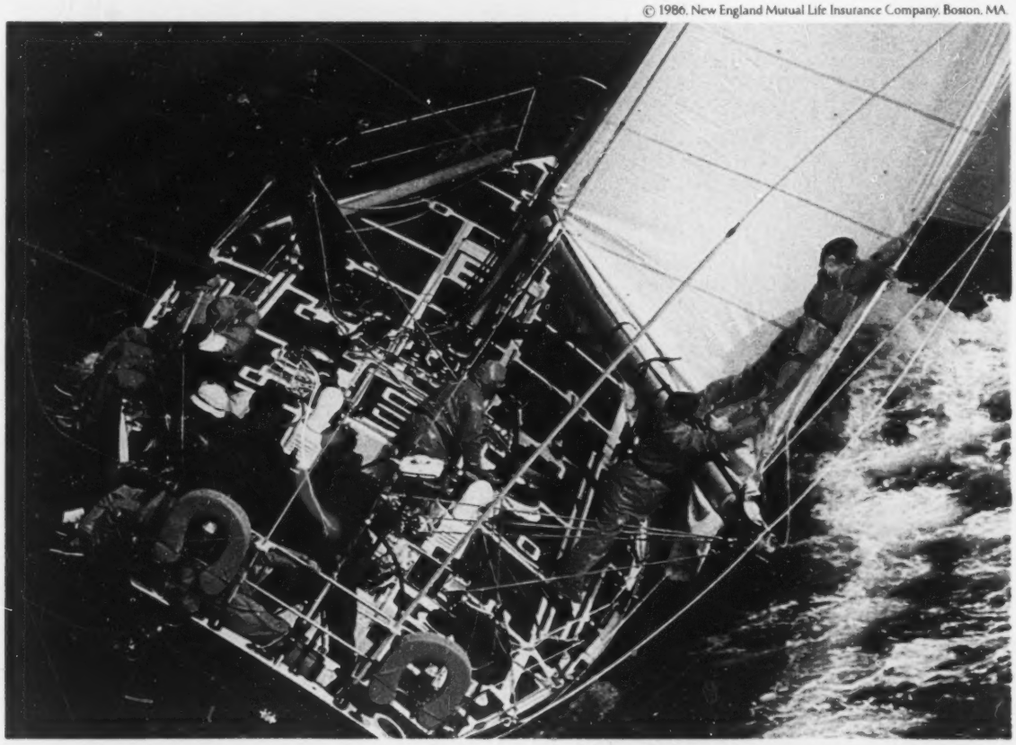
Total sales for all of 1985 were a then-record $114.3 billion.

Total sales for August 1986 were $18.3 billion, and the comparable sales figure for September 1985 was $9.5 billion. Third-quarter sales totaled $53.1 billion compared to $30.8 billion for the third quarter of 1985.

These figures represent sales of all stock, bond and income funds, but exclude the short-term funds (money market and short-term municipal bonds), which are tracked by assets on a periodic basis.

Assets for all mutual funds totaled $676.8 billion, compared to $676.3 billion in August. ■

© 1986, New England Mutual Life Insurance Company, Boston, MA.



WHEN A PENSION PLAN IS GUIDED BY EXPERIENCED HANDS, EVERY EMPLOYEE BENEFITS.

COME TO NEW ENGLAND.

When you call upon The New England for help with your pension plan, you get the experience and expertise of one of the top money managers in America and a leader in the employee benefits field.

With over 30 years in the pension business, we know how to develop, implement and maintain a pension plan specifically designed for your organization. And since our portfolio managers have consistently proven their skills in the areas of fixed income and equities, including real estate, you can count on us for plan performance.

For more information about our pension services, call 1-800-222-2725 for the name of your local representative.

NE The New England
Your Financial Partner

SP-2352-86